

**Expansion of business domain from mail order sales of health food and medical products to medical platform SOKUYAKU**

This report is an English translation of part of the report issued on December 16, 2022.  
For inquiries concerning the report, please contact [info@stock-r.org](mailto:info@stock-r.org)

**[2934 J Frontier Sector : Foods]**

Fiscal Year		Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
May 2021		8,493	19.5	671	294.3	679	289.4	424	340.9	110.8	330.0	0.0
May 2022		11,876	39.8	732	9.0	712	5.0	400	-5.7	90.6	907.4	0.0
May 2023	CE	16,669	40.4	-2,028	-	-2,068	-	-2,190	-	-480.6	-	0.0
May 2023	E	16,534	39.2	-1,928	-	-1,928	-	-1,928	-	-422.9	491.3	0.0
May 2024	E	22,729	37.5	352	-	346	-	329	-	72.2	563.5	0.0
May 2025	E	29,366	29.2	2,412	584.6	2,406	549.9	1,805	448.6	395.9	959.4	0.0

Note: CE(company expectations),E(Stock Research Center expectations)  
Source: Stock Research Center

**1. Corporate Overview**

Until now, J Frontier has focused on mail order sales of in-house brand of health foods and medical products, but the company is entering a phase of full-scale expansion of its medical platform service SOKUYAKU, which offers one-stop services ranging from medical institution search and online medical examinations to online dosing guidance and delivery of prescription drugs.

**2. Financial Analysis**

Although net sales rose steadily from fiscal year ended May 2017 through fiscal year ended May 2022, profits declined for two consecutive fiscal years owing to increased expenses for launching new products in fiscal year ended May 2019 and increased amortization of goodwill and expenses for responding to circumstances related to the pandemic in fiscal year ended May 2020.

With regard to financial indicators, the company's return on assets is between that of a medical-related platform operator and that of a mail order business selling health foods, cosmetics and other products.

**3. Non-Financial Analysis**

The source of the company's intellectual capital is the experience and expertise it has accumulated in BtoC e-commerce. In the e-commerce business, the accumulation of experience and knowledge led to an increase in customers, which in turn resulted in the accumulation of further experience and know-how. SOKUYAKU is also seen to be expanding through a similar virtuous cycle.

**4. Corporate Strategy Analysis**

Issues to be addressed include the expansion of SOKUYAKU, making advertising investment more cost-effective and putting appropriate integrated management into practice for companies and businesses acquired through M&A.

J Frontier's long-term aim is to create a SOKUYAKU healthcare economic zone. The company believes that SOKUYAKU has entered the expansion phase and it plans to invest

strategically in the further expansion of the platform, while being aware it will incur a significant operating loss in fiscal year ending May 2023.

#### **5. Analyst Evaluation**

We acknowledge that SOKUYAKU is a competitive platform. We will closely monitor the results of strategic investments the company will make in fiscal year ending May 2023.

## About Stock Research Center

Stock Research Center is engaged in the preparation of analyst reports, mainly on companies that are not sufficiently covered by analysts, based on a neutral perspective, and broadly disclose the reports to the public with an aim to revitalize the stock market.

Note: Reports prepared by Stock Research Center are created in reference to the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation.



### ■ Supporting Members

Tokyo Stock Exchange, Inc.	SMBC Nikko Securities Inc.	Daiwa Securities Co. Ltd.
Nomura Securities Co., Ltd.	Mizuho Securities Co., Ltd.	Ernst & Young ShinNihon LLC
KPMG AZSA LLC	ICMG Co., Ltd.	Grant Thornton Taiyo LLC
Deloitte Touche Tohmatsu LLC	SBI SECURITIES Co., Ltd.	BDO Sanyu
PricewaterhouseCoopers Kyoto	J Trust Global Securities Co.,Ltd.	Ichiyoshi Securities Co., Ltd.
A&A Partners	GYOSEI & CO.	Avantia G.P.
TAKARA PRINTING CO., LTD.	PRONEXUS INC.	Japan Securities Dealers Association
The Securities Analysts Association of Japan		

### Certification by Analysts

Analysts indicated in the reports certify that the content indicated in the report precisely reflects the personal opinions of the analysts on all securities and issuer companies discussed in the report. In addition, it is ensured that the opinions directly or indirectly indicated in the report will have no influence on the analyst's compensation in the past, present, and future upon writing the report.

### Disclaimer

- The report is prepared by stock analysts affiliated with the Stock Research Center for the purpose of disclosure to a wide range of investors as reference information and not to recommend or solicit to buy or to sell any particular securities or financial instrument.
- The content and indication of the report is based on disclosed information available publicly and is prepared by adding necessary supplementary information gained through interviews by analysts. The writer of the report is, without exception, prohibited to use insider information, or to acquire such information. The information included in the report is believed to be precise and reliable, but its preciseness is not verified objectively. In addition, the report is not intended to comprehensively include all information required by investors.
- The information included in the report may become outdated due to changes in the financial market, economic environment, etc. There are risks that the prices of stocks featured directly or indirectly in the report will fall below the par value due to fluctuations in stock prices, changes in management/financial conditions of the issuers, fluctuations in exchange rates or interest rates, etc. Past performance does not imply or guarantee future performance.
- The opinions indicated in the report are subject to change without notice and the Stock Research Center has no obligation to update the information or opinions included in the report.
- The Stock Research Center does not bear any responsibility for any results, including direct losses, indirect losses, losses of profit and damages, suffered by investors due to using the report or relying on the report. Final investment decisions shall be made by investors themselves and the sole responsibility concerning the investment lies with the investors that viewed the report.
- The copyright of the report belongs to the Stock Research Center and it may not be copied, reproduced, quoted, etc. in any form without prior consent.