

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [Japanese GAAP]

Company name: Oisix Inc.	Stock exchange listings: TSE Mothers
Securities code: 3182	URL: http://www.oisix.com
Representative: Kohey Takashima, Representative Director, CEO	
Contact: Hajime Yamanaka, Corporate Officer, Administration	
Scheduled date of Ordinary General Meeting of Shareholders:	June 20, 2017
Scheduled date of payment of dividend:	-
Scheduled date of filing of securities report:	June 21, 2017
Preparation of supplementary materials for financial results:	Yes
Holding of financial results meeting:	Yes

(All amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Operating Results

(% of change from

previous year)

Fiscal Year ended	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2017	23,016	—	752	—	778	—	515	—
March 31, 2016	—	—	—	—	—	—	—	—

(Note)

Comprehensive income: Fiscal Year Ended(As of March 31, 2017) 515 million yen(—%)
 Fiscal Year Ended(As of March 31, 2016) — million yen(—%)

Fiscal Year ended	Net Income per Share	Diluted Net Income per Share	Return on Equity	Return on Assets	Operating Income Margin
	Yen	Yen	%	%	%
March 31, 2017	87.47	83.74	7.9	7.1	3.3
March 31, 2016	—	—	—	—	—

Reference: Equity in earnings (losses) of affiliates (million yen)

Fiscal Year ended March 31, 2017: 3 Fiscal Year ended March 31, 2016: —

(Note)

The number of the previous year and the percentage of change from previous year have not been disclosed as the quarterly consolidated financial statements have been prepared from the current period.

(2) Financial Position

Period ended	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
March 31, 2017	15,051	9,147	60.8	1,152.41
March 31, 2016	—	—	—	—

(Reference)

Shareholders' equity(million yen) As of March 31, 2017 : 9, 146 As of March 31, 2016 : —

(Note)

The number of the previous year-end has not been disclosed as the quarterly consolidated financial statements have been prepared from the current period.

(3) Cash Flow

Fiscal Year ended	Operating Activities	Investing Activities	Financing Activities	Cash and Cash equivalents at end of year
March 31, 2017	Million yen 665	Million yen (496)	Million yen 38	Million yen 5,209
March 31, 2016	—	—	—	—

2. Dividends

Fiscal Year ended or ending	Dividend per Share					Amounts of Dividend (total)	Dividend Ratio	Dividend on Equity
	1Q	2Q	3Q	Year-end	Annual			
March 31, 2016	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	Million yen —	% —	% —
March 31, 2017	—	0.00	—	0.00	0.00	—	—	—
March 31, 2018 (Forecast)		0.00	—	0.00	0.00	—		

3. Forecast for the Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages represent year-on-year changes)

	Net Sales		Operating Income		EBITDA		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	38,000	65.1	670	△11.0	1,390	39.5	390	△24.3	49.13

(Note)

EBITDA stands for earnings before depreciation and amortisation.

* Notes

(1) Significant changes in scope of consolidation

(Changes in scope of consolidation of specified subsidiaries):

Yes

Newly consolidated: One company

Daichi wo Mamoru Kai Co., Ltd

(2) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards:

None

2) Changes in accounting policies other than 1) above:

None

3) Changes in accounting estimates:

None

4) Restatements:

None

(4) Number of shares issued (common shares)

1) Number of shares issued (including treasury stock):

As of March 31, 2017	7,937,989 shares
As of March 31, 2016	6,067,288 shares

2) Number of treasury stocks:

As of March 31, 2017	— shares
As of March 31, 2016	270,000 shares

3) Number of average shares during the period:

Fiscal year ended March 31, 2017	5,890,354 shares
Fiscal year ended March 31, 2016	5,966,723 shares

(Reference)

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017
(from April 1, 2016 to March 31, 2017)**

(1) Operating Results
previous year)

(% of change from

Fiscal Year ended	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2017	22,975	14.0	832	7.6	858	6.4	639	18.7
March 31, 2016	20,158	11.6	774	19.3	806	20.6	538	55.1

Fiscal Year ended	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
March 31, 2017	108.50	103.87
March 31, 2016	90.26	84.75

(2) Financial Position

Period ended	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
March 31, 2017	12,784	9,302	72.8	1,171.96
March 31, 2016	6,803	3,867	56.8	667.05

(Reference)

Shareholders' equity(million yen) As of March 31, 2017 : 9,302 As of March 31, 2016 : 3,867

* This financial report is outside the scope of the audit.

* Explanation of the proper use of forecast and other notes

The forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. They are not intended as the Company's commitment to achieve such forecasts, and actual results may differ significantly from these forecasts due to a wide range of factors.

Please refer to the detail of the forecast for the fiscal year ending March 31, 2018 on page 4.

2.Outlook going forward

As regards consolidated earnings forecasts for the coming fiscal year, we anticipate sales of ¥38,000mn (+65.1% YoY), operating income of ¥670mn (Δ 11.0% YoY), EBITDA of ¥1,390mn (+39.5% YoY) and net income attributable to owners of the parent of ¥390mn (Δ 24.3% YoY).

We have booked goodwill of ¥1,748mn associated with the stock swap that took place at the end of FY3/2017, and in consideration of the impact of related amortisation costs (noncash expenses) on earnings, and in order to appropriately express the cash generated by the business, we shall be disclosing EBITDA (operating income + depreciation + goodwill amortisation). Moreover, because we are using EBITA (operating income + goodwill amortisation) as a management performance indicator, we shall be disclosing this as well.

Furthermore, when approx. ¥180mn merger-related one-off costs (those costs associated with moving headquarters, etc.) are excluded, anticipated EBITDA is ¥1,570mn (+42.3% YoY).

Although 2,026,404 shares (of which, 1,766,321 were newly issued. 28.6% of the 6,171,668 shares issued prior to the stock swap) were swapped in the stock swap, we anticipate a 3.5% YoY increase in EBITDA per share.

Going forward, while it is thought that the Japanese economy is heading for a gentle recovery on the back of various economic policies, there is also a risk that it will experience downward pressure resulting from changes in the international status quo caused by the impact of protectionist policies espoused by the new administration in the United States of America, by the impact of the UK leaving the EU, or by changes in financial and capital markets. The outlook remains unclear and expected to remain so.

Against this backdrop, thanks to the merger, the Oisix Group will be able to target a broader range of customers, in terms of both needs and age. We shall continue to strive for strong growth and to establish Oisix as the top brand in the value-added food/ingredient market and the e-Commerce driven food home delivery market.

Earnings for the Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Unit: millionyen)

	FY3/2017 (Result)	FY3/2018 (Forecast)	+/- YoY (%)
Net sales	23,016	38,000	65.1
Operating income	752	670	Δ 11.0
EBITA (Note 1)	787	1,020	29.5
EBITDA (Note 2)	996	1,390	39.5
EBITDA after adjusting for extraordinary factors (Note 3)	1,103	1,570	42.3
EBITDA per share	169.21	175.11	3.5

(Note)

1.EBITA=Operating income+goodwill amortisation

2.EBITDA=Operating income+depreciation+goodwill amortisation

3.Extraordinary factors = One-off costs associated with the Merger, such as the costs associated with moving headquarters, etc.

* Explanation of the proper use of forecast and other notes

The forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. They are not intended as the Company's commitment to achieve such forecasts, and actual results may differ significantly from these forecasts due to a wide range of factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

As of March 31, 2017

Assets	
Current assets	
Cash and deposits	5,247,897
Accounts receivable-trade	3,124,366
Merchandise and finished goods	699,964
Work in process	7,657
Raw materials and supplies	83,408
Accounts receivable-other	1,354,023
Deferred tax assets	134,563
Other	153,542
Allowance for doubtful accounts	△117,580
Total current assets	10,687,842
Noncurrent assets	
Property, plant and equipment	
Buildings	503,256
Accumulated depreciation	△255,092
Buildings, net	248,164
Machinery and equipment	641,515
Accumulated depreciation	△206,352
Machinery and equipment, net	435,162
Lease assets	412,129
Accumulated depreciation	△371,954
Lease assets, net	40,175
Others	298,587
Accumulated depreciation	△236,879
Others, net	61,707
Total property, plant and equipment	785,210
Intangible assets	
Goodwill	1,842,319
Others	793,230
Total intangible assets	2,635,549
Investments and other assets	
Investment securities	310,525
Net defined benefit asset	100,101
Lease and guarantee deposits	410,737
Deferred tax assets	29,906
Others	91,298
Total investments and other assets	942,568
Total noncurrent assets	4,363,328
Total assets	15,051,170

(Thousands of yen)

As of March 31, 2017

Liabilities	
Current liabilities	
Accounts payable-trade	2,632,567
Short-term loans payable	6,012
Lease obligations	6,323
Accounts payable-other	1,925,973
Income taxes payable	198,804
Provision for bonuses	69,876
Provision for points certificates	100,922
Provision for loss on physical store	10,125
Asset retirement obligations	46,819
Other	336,135
Total current liabilities	5,333,560
Noncurrent liabilities	
Long-term loans	47,308
Lease obligations	14,699
Provision for directors' retirement benefits	2,100
Retirement benefit liabilities	18,809
Asset retirement obligations	106,172
Deferred tax liabilities	2,657
Others	378,085
Total noncurrent liabilities	569,832
Total liabilities	5,903,392
Net assets	
Shareholders' equity	
Capital stock	929,948
Capital surplus	4,944,329
Retained earnings	3,272,882
Total shareholders' equity	9,147,160
Accumulated other comprehensive income	
Foreign currency translation adjustments	△835
Total accumulated other comprehensive income	△835
Non-controlling interests	1,453
Total net assets	9,147,778
Total liabilities and net assets	15,051,170

(2) Consolidated Statement of Income

(Thousands of yen)

	Period ended March 31, 2017
Net sales	23,016,775
Cost of sales	11,817,630
Gross profit	11,199,144
Selling, general and administrative expenses	10,446,373
Operating income	752,770
Non-operating income	
Interest income	33
Dividend received	4,230
Compensation income	6,173
Income from material recycling	5,463
Revocation gains of gift cards	4,033
Income on equity method investments	3,128
Others	6,692
Total non-operating income	29,756
Non-operating expenses	
Interest expenses	23
Foreign exchange losses	2,148
Stock issuance cost	2,192
Others	112
Total non-operating expenses	4,477
Ordinary income	778,049
Income before income taxes	778,049
Income taxes-current	271,530
Income taxes-deferred	△8,841
Total income taxes	262,688
Net income	515,360
Net income attributable to non-controlling interests	134
Net income attributable to owners of the parent	515,226

(3) Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Period ended March 31, 2017
Net income	515,360
Other comprehensive income	
Foreign currency translation adjustments	Δ55
Total other comprehensive income	Δ55
Comprehensive income	515,305
Total comprehensive income attributable to	
Owners of the parent	515,171
Non-controlling intetests	134

(4) Consolidated Statement of Changes in Shareholders' Equity
 Period ended March 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2016	909,253	663,938	2,757,655	Δ495,720	3,835,127
Changes in current period					
Stock issuance	20,695	20,609			41,305
Net income attributable to owners of the parent			515,226		515,226
Changes from stock swap		4,256,140		477,539	4,733,679
Purchase of treasury stock				Δ179	Δ179
Disposal of treasury stock		3,640		18,360	22,000
Other					-
Total changes in current period	20,695	4,280,390	515,226	495,720	5,312,032
As of March 31, 2017	929,948	4,944,329	3,272,882	-	9,147,160

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Foreign currency translation adjustments	Total accumulated other comprehensive income		
As of April 1, 2016	Δ780	Δ780	-	3,834,347
Changes in current period				
Stock issuance				41,305
Net income attributable to owners of the parent				515,226
Changes from business combination				4,733,679
Purchase of treasury stock				Δ179
Disposal of treasury stock				22,000
Other)	Δ55	Δ55	1,453	1,398
Total changes in current period	Δ55	Δ55	1,453	5,313,430
As of March 31, 2017	Δ835	Δ835	1,453	9,147,778

(5) Consolidated cash flow statement

(Thousands of yen)

	Period ended March 31, 2017
Cash flows from operating activities	
Net income before income taxes	778,049
Depreciation	209,028
Amortization on goodwill	34,912
Increase (decrease) in allowance for doubtful accounts	18,654
Interest income and dividend received	△4,263
Interest expense	23
Foreign currency exchange (gain) or loss	83
Income on equity method investments	△3,128
(Increase) decrease in accounts receivable	△406,261
(Increase) decrease in other accounts receivable	△31,633
(Increase) decrease in inventories	△159,986
Increase (decrease) in accounts payable	292,567
Increase (decrease) in other accounts payable	161,863
Other	61,262
Subtotal	951,171
Interest and dividend received	3,395
Interest paid	△23
Income taxes paid	△289,417
Net cash provided by operating activities	665,126
Cash flows from investing activities	
Purchase of property, plant and equipment	△44,409
Purchase of intangible assets	△271,236
Payments for acquisition of investments	△93,987
Decrease from acquisition of control over subsidiaries	△79,074
Other	△8,130
Net cash used in investing activities	△496,839
Cash flows from financing activities	
Proceeds from stock issuance	39,112
Purchase of treasury stock	△179
Repayment of lease liabilities	△805
Net cash provided by financing activities	38,127
Effect of exchange rate changes on cash and cash equivalents	△138
Increase (decrease) in cash and cash equivalents	206,276
Cash and cash equivalents at the beginning of the year	2,724,898
Increase in cash and cash equivalents due to newly consolidated subsidiaries	2,278,222
Cash and cash equivalents at the end of the year	5,209,396