

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [Japanese GAAP]

Company name:	Oisix.daichi Inc.	Stock exchange listings:	TSE Mothers
Securities code:	3182		https://www.oisixdotdaichi.co.jp/
Representative:	Kohey Takashima, Representative Director, CEO		
Contact:	Hajime Yamanaka, Corporate Officer, Administration		
Scheduled date of Ordinary General Meeting of Shareholders:	June 27, 2018		
Scheduled date of payment of dividend:	-		
Scheduled date of filing of securities report:	June 28, 2018		
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, 2018 (from April 1, 2017 to March 31, 2018)

(1) Operating Results

(% of change from previous year)

Fiscal Year ended	Net Sales		Operating Income		EBITDA		Net Income Attributable to Owners of the Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2018	39,987	73.7	891	18.4	1,670	67.6	237	Δ54.0
March 31, 2017	23,016	—	752	—	996	—	515	—

(Note)

Comprehensive income: Fiscal Year Ended(As of March 31, 2018) 242million yen(Δ52.9%)
Fiscal Year Ended(As of March 31, 2017) 515 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, 2018	14.77	14.44	2.5	5.4	2.2
March 31, 2017	43.73	41.87	7.9	7.1	3.3

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

Fiscal Year ended March 31, 2018: Δ7 Fiscal Year ended March 31, 2017: 3

(Note)

- EBITDA stands for earnings before depreciation and amortisation.
- 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.
- On April 1, 2018, the Company implemented a 2 for 1 stock split of common shares. For the previous consolidated accounting year, said stock split is assumed to have occurred at the beginning of that accounting year for the purposes of calculating comparable Net Income per Share and Diluted Net Income per Share figures.

(2) Financial Position

Period ended	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
March 31, 2018	19,875	10,048	50.6	607.17
March 31, 2017	15,051	9,147	60.8	576.20

(Reference)

Shareholders' equity(million yen) As of March 31, 2018 : 10,045 As of March 31, 2017 : 9,146

(Note)

On April 1, 2018, the Company implemented a 2 for 1 stock split of common shares. For the previous consolidated accounting year, said stock split is assumed to have occurred at the beginning of that accounting year for the purposes of calculating comparable Net Assets per Share figures.

(3) Cash Flow

Fiscal Year ended	Operating Activities	Investing Activities	Financing Activities	Cash and Cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
March 31, 2018	1,637	△281	629	7,194
March 31, 2017	665	△496	38	5,209

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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2017	—	0.00	—	0.00	0.00	—	—	—
March 31, 2018	—	0.00	—	0.00	0.00	—	—	—
March 31, 2019 (Forecast)		0.00	—	0.00	0.00	—		

3. Forecast for the Fiscal Year Ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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	61,000	52.5	1,200	34.6	2,000	19.7	900	279.3	54.38

(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

Radishbo-ya 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

(3) Number of shares issued (common shares)

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

As of March 31, 2018	16,551,178 shares
As of March 31, 2017	15,875,978 shares

2) Number of treasury stocks:

As of March 31, 2018	1,670 shares
As of March 31, 2017	— shares

3) Number of average shares during the period:

Fiscal year ended March 31, 2018	16,059,845 shares
Fiscal year ended March 31, 2017	11,780,709 shares

(Note)

On April 1, 2018, the Company implemented a 2 for 1 stock split of common shares. For the previous consolidated accounting year, said stock split is assumed to have occurred at the beginning of that accounting year for the purposes of calculating comparable Number of shares issued (including treasury stock), Number of treasury stocks and Number of average shares during the period figures.

(Reference)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Operating Results

(% of change from
previous year)

Fiscal Year ended	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2018	33,469	45.7	859	3.1	907	5.7	358	△43.9
March 31, 2017	22,975	14.0	832	7.6	858	6.4	639	18.7

Fiscal Year ended	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
March 31, 2018	22.31	21.80
March 31, 2017	54.25	51.94

(Note)

On April 1, 2018, the Company implemented a 2 for 1 stock split of common shares. For the previous consolidated accounting year, said stock split is assumed to have occurred at the beginning of that accounting year for the purposes of calculating comparable Net Profit per Share and Adjusted Fully Diluted Net Profit per Share figures.

(2) Financial Position

Period ended	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
March 31, 2018	16,989	10,323	60.8	623.80
March 31, 2017	12,784	9,302	72.8	585.98

(Reference)

Shareholders' equity(million yen) As of March 31, 2018 : 10,323 As of March 31, 2017 : 9,302

(Note)

On April 1, 2018, the Company implemented a 2 for 1 stock split of common shares. For the previous consolidated accounting year, said stock split is assumed to have occurred at the beginning of that accounting year for the purposes of calculating comparable Net Assets per Share figures.

* 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, 2019 on page 4.

2.Outlook going forward

Amidst continued improvement in the environment for employment and personal income as well as the beneficial effects of various government policy initiatives, the outlook for the Japanese economy is that it will continue to see gradual recovery. The direction of personal consumption, however, is seen to be less certain. The uncertainties of overseas economies as well as the impact of potentially volatile financial and capital markets should also be taken into consideration.

It is under such circumstances that the Company has newly included Radishbo-ya Co., Ltd. (hereafter Radishbo-ya) into its Group. Its inclusion makes it possible to expand further the customer needs that the Company seeks to address as well as the target market that it pursues in terms of customer age brackets. As in the past, the Company seeks to continue to realize high business growth and secure its position as the top brand in high value-added food products and ingredients and/or food delivery via EC.

As regards to the meal-kit business, a market that still possesses tremendous growth opportunities, the Company and its Group look to push forward as both a driver and leader of this anticipated market expansion. To this end, the Company aims to leverage its expertise and capabilities in food delivery/manufacturing as well as what we perceive to be the Company's superior product development powers and its network of best-in-class producer networks.

With all things considered, the Company makes the following consolidated earnings forecast for the new fiscal year-ending in FY3/2019. Driven by not only further growth in the delivery business, contributions from the inclusion of Radishbo-ya is expected to result in Sales of JPY 61,000 million (+52.5% YoY), OP of JPY 1,200 million (+34.6%), and EBITDA of JPY 2,000 million (+19.7%). As regards to Radishbo-ya itself, factors as more efficient subscriber acquisitions are expected to result in a boost to overall profitability.

We will note that that Company plans a full merger with Radishbo-ya (via absorption) during the new FY3/2019. This is predicated on approval of said merger at the General Meeting of Shareholders scheduled for June 27, 2018. The merger will entail inheritance by the Company of Radishbo-ya's tax-loss carryforwards which is to say that the Company anticipates a reduction in statutory corporate taxes in the next fiscal year. Thus, Net Profits Attributable to Owners of the Parent is forecast to be JPY 900 million (+279.3% YoY).

As a footnote, the Company, in consideration of the impact to earnings of depreciation and amortization costs such as goodwill (non-cash expense items), has opted to disclose EBITDA (OP + depreciation expenses + goodwill amortization expense) as it accurately shows the cash flow generation of the business.

Finally, we note that as regards to the goodwill generated from the merger with Radishbo-ya, the Company has recognized and expensed the entire amount as an impaired write-down in the current FY3/2018. As such, no goodwill amortization expenses will affect earnings in the FY3/2019.

Earnings for the Fiscal Year Ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Unit: millionyen)

	FY3/2018 (Result)	FY3/2019 (Forecast)	+/- YoY (%)
Net sales	39,987	61,000	52.5
Operating income	891	1,200	34.6
EBITDA (Note)	1,670	2,000	19.7
Net income attributable to owners of the parent	237	900	279.3
EBITDA per share	104.03	120.84	16.2
Net income attributable to owners of the parent per share	14.77	54.38	268.2

(Note)

EBITDA=Operating income+depreciation+goodwill amortisation

* 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	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	5,247,897	7,236,330
Accounts receivable-trade	3,124,366	5,415,701
Merchandise and finished goods	699,964	918,137
Work in process	7,657	4,435
Raw materials and supplies	83,408	207,590
Accounts receivable-other	1,354,023	1,335,994
Deferred tax assets	134,563	121,102
Other	153,542	300,077
Allowance for doubtful accounts	△117,580	△156,696
Total current assets	10,687,842	15,382,675
Noncurrent assets		
Property, plant and equipment		
Buildings	503,256	614,234
Accumulated depreciation	△255,092	△240,024
Buildings, net	248,164	374,209
Machinery and equipment	641,515	661,207
Accumulated depreciation	△206,352	△281,701
Machinery and equipment, net	435,162	379,506
Lease assets	412,129	489,869
Accumulated depreciation	△371,954	△452,725
Lease assets, net	40,175	37,143
Others	298,587	331,602
Accumulated depreciation	△236,879	△244,035
Others, net	61,707	87,566
Total property, plant and equipment	785,210	878,426
Intangible assets		
Goodwill	1,842,319	1,506,089
Others	793,230	877,657
Total intangible assets	2,635,549	2,383,747
Investments and other assets		
Investment securities	310,525	383,260
Net defined benefit asset	100,101	—
Lease and guarantee deposits	410,737	752,484
Deferred tax assets	29,906	—
Others	91,298	77,286
Total investments and other assets	942,568	1,213,013
Total noncurrent assets	4,363,328	4,475,186
Total assets	15,051,170	19,875,862

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Accounts payable-trade	2,632,567	4,097,110
Short-term loans payable	6,012	6,012
Lease obligations	6,323	37,454
Accounts payable-other	1,925,973	3,076,648
Income taxes payable	198,804	266,572
Provision for bonuses	69,876	90,477
Provision for points certificates	100,922	147,754
Provision for loss on physical store	10,125	—
Asset retirement obligations	46,819	66,000
Other	336,135	941,654
Total current liabilities	5,333,560	8,729,685
Noncurrent liabilities		
Long-term loans	47,308	41,296
Lease obligations	14,699	64,952
Provision for directors' retirement benefits	2,100	3,300
Retirement benefit liabilities	18,809	458,874
Asset retirement obligations	106,172	282,649
Deferred tax liabilities	2,657	10,981
Others	378,085	217,835
Total noncurrent liabilities	569,832	1,079,888
Total liabilities	5,903,392	9,809,574
Net assets		
Shareholders' equity		
Capital stock	929,948	1,259,797
Capital surplus	4,944,329	5,274,175
Retained earnings	3,272,882	3,510,139
Treasury stocks	—	△2,065
Total shareholders' equity	9,147,160	10,042,046
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	4,693
Foreign currency translation adjustments	△835	△1,030
Total accumulated other comprehensive income	△835	3,662
Non-controlling interests	1,453	2,578
Total net assets	9,147,778	10,048,288
Total liabilities and net assets	15,051,170	19,857,862

(2) Consolidated Statement of Income

(Thousands of yen)

	Period ended March 31, 2017	Period ended March 31, 2018
Net sales	23,016,775	39,987,224
Cost of sales	11,817,630	21,260,326
Gross profit	11,199,144	18,726,897
Selling, general and administrative expenses	10,446,373	17,835,455
Operating income	752,770	891,442
Non-operating income		
Interest income	33	479
Dividend received	4,230	4,470
Compensation income	6,173	9,153
Income from material recycling	5,463	9,559
Revocation gains of gift cards	4,033	4,440
Income on equity method investments	3,128	—
Gain on bad debts recovered	2,307	8,116
Others	4,384	26,492
Total non-operating income	29,756	62,712
Non-operating expenses		
Interest expenses	23	644
Foreign exchange losses	2,148	2,021
Stock issuance cost	2,192	1,445
Liabilities from application of equity method	—	7,738
Others	112	5,289
Total non-operating expenses	4,477	17,137
Ordinary income	778,049	937,016
Extraordinary loss		
Loss on revision of retirement benefit plan	—	87,381
Impairment loss	—	169,040
Loss on valuation of investment securities	—	70,312
Total extraordinary loss	—	326,734
Income before income taxes	778,049	610,282
Income taxes-current	271,530	322,279
Income taxes-deferred	△8,841	49,620
Total income taxes	262,688	371,899
Net income	515,360	238,382
Net income attributable to non-controlling interests	134	1,125
Net income attributable to owners of the parent	515,226	237,256

(3) Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Period ended March 31, 2017	Period ended March 31, 2018
Net income	515,360	238,382
Other comprehensive income		
Valuation difference on available-for-sale securities	—	4,693
Foreign currency translation adjustments	△55	△195
Total other comprehensive income	△55	4,497
Comprehensive income	515,305	242,880
Total comprehensive income attributable to		
Owners of the parent	515,171	241,754
Non-controlling intetests	134	1,125

(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	△495,720	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				△179	△179
Disposal of treasury stock		3,640		18,360	22,000
Net changes of items other than shareholders' equity					—
Total changes in current period	20,695	4,280,390	515,226	496,720	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
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
As of April 1, 2016	—	△780	△780	—	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					△179
Disposal of treasury stock					22,000
Net changes of items other than shareholders' equity		△55	△55	1,453	1,398
Total changes in current period		△55	△55	1,453	5,313,430
As of March 31, 2017	—	△835	△835	1,453	9,147,778

Period ended March 31, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2017	929,948	4,944,329	3,272,882	—	9,147,160
Changes in current period					
Stock issuance	329,849	329,845			659,695
Net income attributable to owners of the parent			237,256		237,256
Changes from stock swap					—
Purchase of treasury stock				△2,065	△2,065
Disposal of treasury stock					—
Net changes of items other than shareholders' equity					—
Total changes in current period	329,849	329,845	237,256	△2,065	894,886
As of March 31, 2018	1,259,797	5,274,175	3,510,139	△2,065	10,042,046

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
As of April 1, 2017	—	△835	△835	1,453	9,147,778
Changes in current period					
Stock issuance					659,695
Net income attributable to owners of the parent					237,256
Changes from business combination					—
Purchase of treasury stock					△2,065
Disposal of treasury stock					—
Net changes of items other than shareholders' equity	4,693	△195	4,497	1,125	5,623
Total changes in current period	4,693	△195	4,497	1,125	900,509
As of March 31, 2018	4,693	△1,030	3,662	2,578	10,048,288

(5) Consolidated cash flow statement

(Thousands of yen)

	Period ended March 31, 2017	Period ended March 31, 2018
Cash flows from operating activities		
Net income before income taxes	778,049	610,282
Depreciation	209,028	394,911
Amortization on goodwill	34,912	384,411
Loss on revision of retirement benefit plan	—	87,381
Impairment loss	—	169,040
Gain(loss) on valuation of investment securities	—	70,312
Increase (decrease) in allowance for doubtful accounts	18,654	19,021
Increase(decrease) in provision for bonuses	—	△69,876
Interest income and dividend received	△4,263	△4,950
Interest expense	23	644
Foreign currency exchange (gain) loss	83	220
Income on equity method investments	△3,128	7,738
(Increase) decrease in accounts receivable	△406,261	△570,797
(Increase) decrease in other accounts receivable	△31,633	31,046
(Increase) decrease in inventories	△159,986	△82,270
Increase (decrease) in accounts payable	292,567	362,326
Increase (decrease) in other accounts payable	161,863	187,863
Increase (decrease) in accrued expenses	32,725	422,263
Other	28,536	△97,075
Subtotal	951,171	1,922,494
Interest and dividend received	3,395	4,031
Interest paid	△23	△644
Income taxes paid	△289,417	△288,043
Net cash provided by operating activities	665,126	1,637,838
Cash flows from investing activities		
Purchase of property, plant and equipment	△44,409	△164,842
Purchase of intangible assets	△271,236	△314,973
Payments for acquisition of investments	△93,987	△5,704
Purchase of stocks of subsidiaries and affiliates	—	△155,970
Decrease from acquisition of control over subsidiaries	△79,074	—
Increase from acquisition of control over subsidiaries	—	589,163
Payments for lease deposits	△3,273	△349,653
Proceeds from lease and guarantee deposits received	—	188,355
Payments for execution of assets retirement obligations	—	△81,640
Proceeds from cancellation of insurance funds	—	17,192
Other	△4,875	△3,059
Net cash used in investing activities	△496,839	△281,133
Cash flows from financing activities		
Repayment of long-term loans payable	—	△21,012
Proceeds from stock issuance	39,112	658,249
Purchase of treasury stock	△179	△2,065
Repayment of lease liabilities	△805	△6,128
Net cash provided by financing activities	38,127	629,043
Effect of exchange rate changes on cash and cash equivalents	△138	△415
Increase (decrease) in cash and cash equivalents	206,276	1,985,333
Cash and cash equivalents at the beginning of the year	2,724,898	5,209,396
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	7,194,730