



FY3/2018 Results Explanatory Materials

Oisix.Daichi Inc

Farm for Tomorrow, Table for Tomorrow

We provide services that enable a better food life for more people.

We realize a society where good farmers are rewarded and proud.

We evolve continuously to deliver a sustainable framework that links farm and table.

We solve social issues related to food through business approaches.

We create and expand Tomorrow's Food.

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This material is intended to provide an understanding of Oisix. Daichi activities, not to solicit investment. Forecasts of Oisix. Daichi's operating results and future performance are based on information available to Oisix. Daichi at the time this material was drafted and are not guaranteed to be accurate. Actual operating results may differ from the future outlooks contained in this material.

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FY3/2018 Consolidated Results Overview

- With the addition of DMK earnings this term and better than anticipated Oisix subscriber acquisitions, sales grew +73%YoY, +5% above plan.
- Operating profit grew +18% to achieve historical high (+15% vs. ¥774m in FY3/2016)
- EBITDA grew +67%

Units: ¥mn	FY3/2017 Results	FY3/2018 Results	FY3/2018 Plan	YoY	YoY %	Plan Achievement Rate
Sales	23,016	39,987	38,000	16,971	173.7%	105.2%
Operating Profit	752	891	670	139	118.4%	132.9%
EBITA *1	787	1,275	1,020	488	162.0%	125.0%
EBITDA *2	996	1,670	1,390	674	167.6%	120.1%
Excluding extraordinary factors *3	1,103	1,847	1,570	-	-	117.6%
EBITDA per share (¥) *4	84.6	104.0	87.5	19.4	122.9%	118.9%

^{*1} EBITA = Operating profits + amortization of goodwill

^{*4} EBITDA per share= Calculation adjusted for 1:2 stock split implemented on April 1, 2018

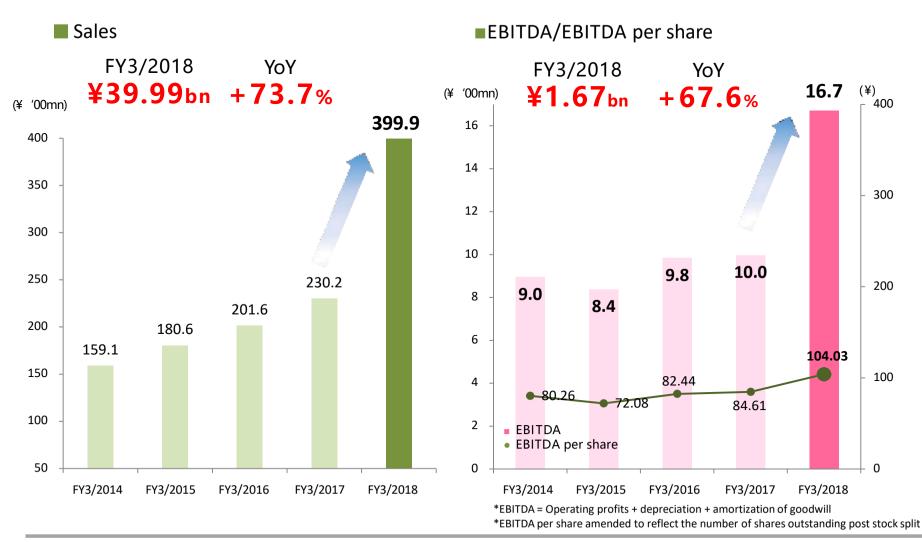


^{*2} EBITDA = Operating profits + depreciation + amortization of goodwill

^{*3} Extraordinary factors = One-off merger related costs (cost of moving HQ, etc.)

Consolidated Sales & EBITDA Trends

Sales grew + 73.7%YoY, EBITDA grew +67.6%YoY



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FY3/2018: Results Overview by Segment

- Oisix: Sales achieved plan thanks to robust subscriber growth. Strength in new customer acquisitions saw an increase in sales of high CoGS 'otameshi' taster boxes, which translated into slightly low marginal profits.
- DMK: Conservative forecasts for first FY translated into above plan sales & marginal profits

Units: ¥mn	FY3/2018	Plan	Actual	Achievement
Home Delivery Bu	siness			
Oisix				
	Sales	23,988	24,799	103.4%
	Marginal profit	3,465	3,288	94.9%
		14.4%	13.3%	1.5
DMK				
	Sales	10,841	11,215	103.5%
	Marginal profit	2,039	2,095	102.8%
		18.8%	18.7%	WE
Other Business *2				
	Sales	3,171	3,972	125.3%
	Marginal profit	629	760	120.8%
		19.8%	19.1%	6E
Company total				
	Sales	38,000	39,987	105.2%
	Marginal profit	6,133	6,143	100.2%
		16.1%	15.4%	92
	Fixed costs *1	5,463	5,253	96.2%
	Operating profit	670	891	133.0%

^{*1} Includes amortisation of goodwill (included in each business segment in the kessan tanshin & quarterly reports)

^{*2} Other business: solutions, media, shops, overseas, wholesale, etc.

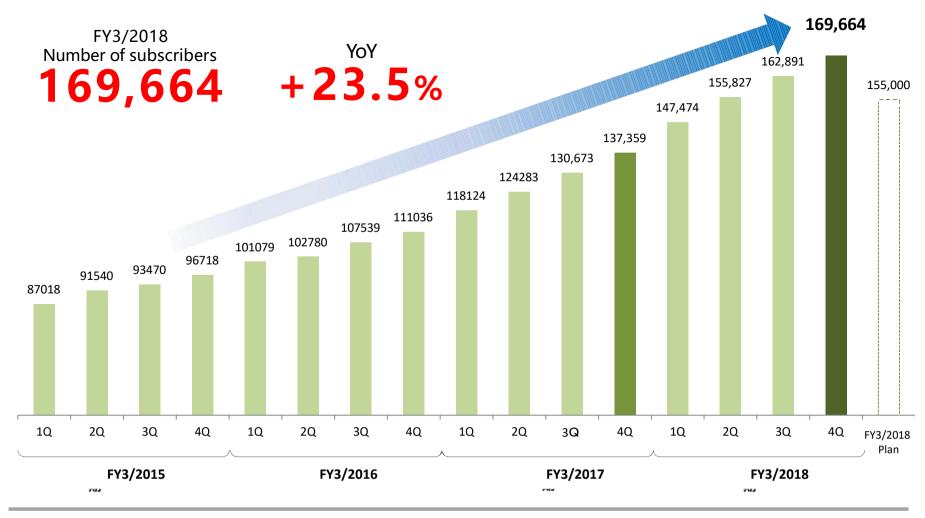


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Oisix: Subscriber Trends

Subscriber acquisition via LINE &SEO robust. Led by Kit Courses, subscriber growth saw acceleration to +23.5%, significantly outperforming plan.

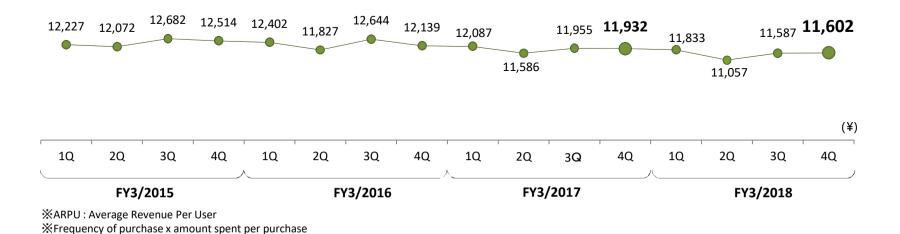


Oisix: ARPU Trends

Signs of a slight improvement in customer spend thanks to a successful *buya side* dish campaign were outweighed by a fall in purchase frequency. ARPU fell 2.8% YoY.

FY3/2018 YoY ¥11,602 97.2%



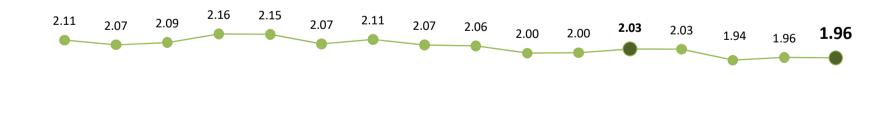


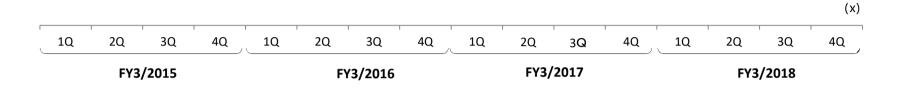
Oisix.daichi

Oisix: Frequency of Purchase (FoP) Trends







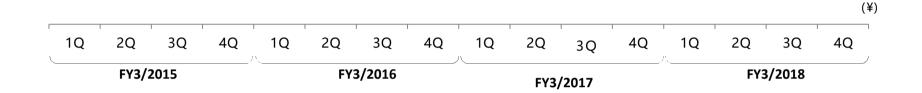


Oisix: Average Customer Spend (Basket) Trends

FY3/2018 4Q YoY ¥5,925 100.9%





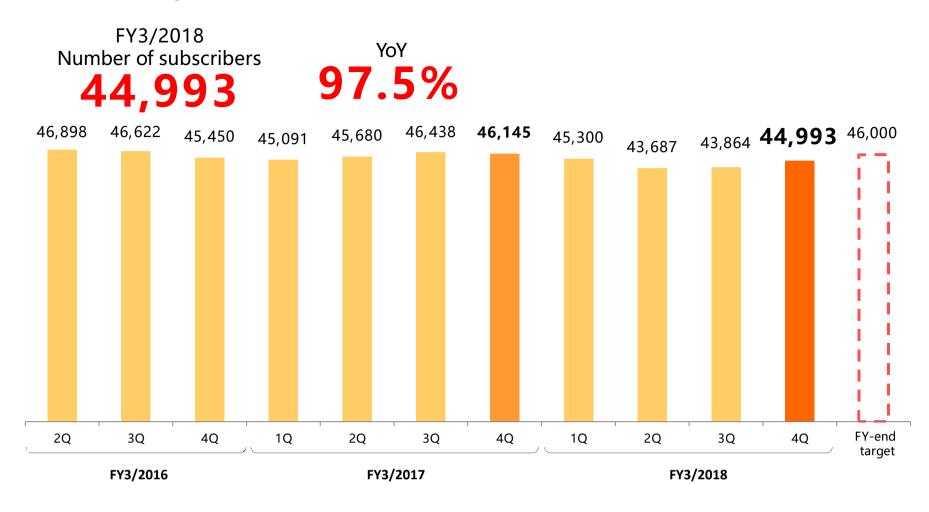


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DMK: Subscriber Trends

Expansion of subscriber acquisition activities in 2H FY3/2018 led to a recovery trend from 3Q.

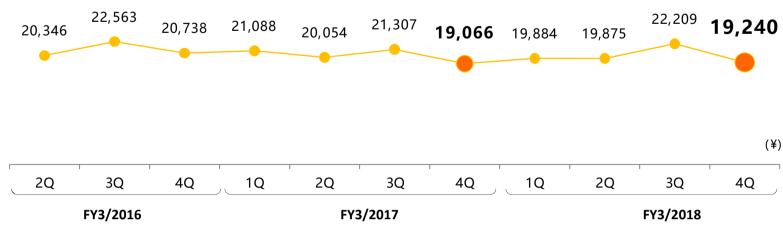


DMK: ARPU Trends

Expanded subscriber acquisition activity meant an increase in the ratio of low frequency beginners resulting in a slight YoY increase in ARPU.

FY3/2018 4Q YoY ¥19,240 100.9%

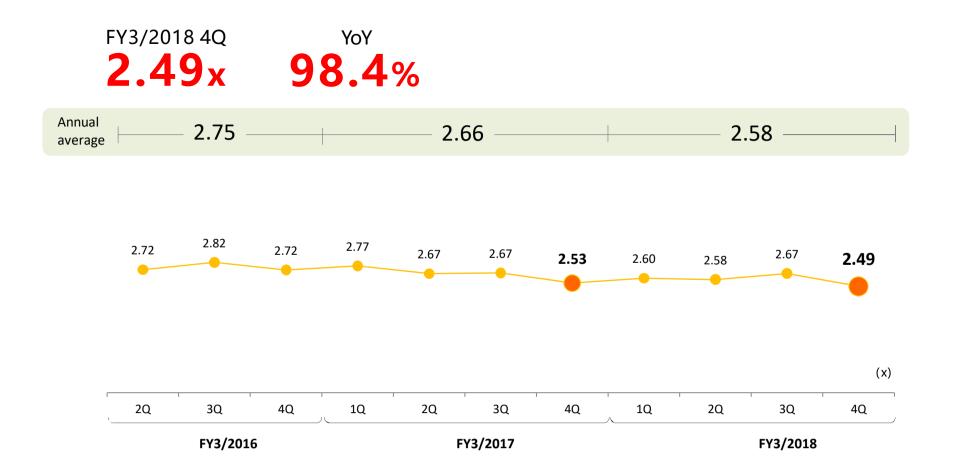




※ARPU: Average Revenue Per User

 $\frak{\%}$ Frequency of purchase x amount spent per purchase

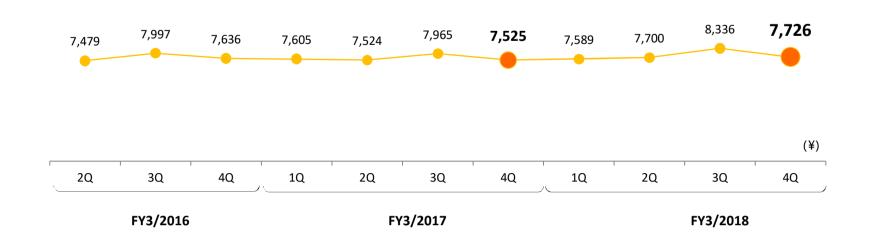
DMK: Frequency of Purchase (FoP) Trends



DMK: Average Customer Spend (Basket) Trends







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- (2) Daichi wo Mamoru Kai: Reform earnings structures, reinitiate subscriber acquisition activity
- (3) Action to Create Synergy: Designated DMK area on Oisix.com

2. Growth Strategy: Non-takuhai Business

- (1) Physical store retail business (Physical Stores, Wholesale)
- (2) Overseas business
- (3) Alliance business

3. Tokushimaru

FY3/2018 Strategy & Action

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(1) Oisix: Strengthen Value of Premium Jitan

Kit Oisix (Meal Kits)







POIN

Delivery of precisely the amount of ingredients you need. Cook a main and side dish in just 20-minutes.

2

All menus have at least 5 different vegetables allowing for a balanced meal!

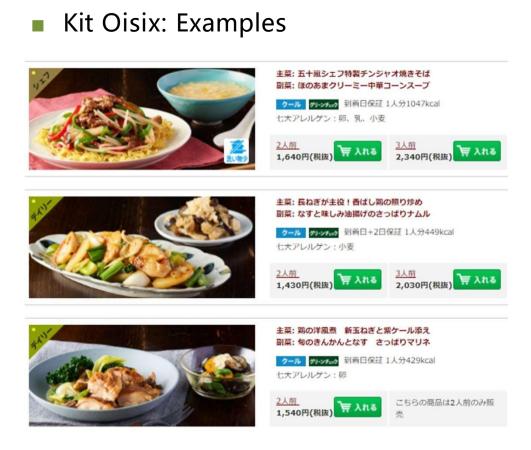
S S

Safe and secure because it's Oisix.

- What is Premium Jitan?: Not only do Premium Jitan kits shorten cooking time, they also provide the reassurance, safety &deliciousness of Oisix standards, whilst resolving the stress that can come from thinking about menus, buying ingredients, cooking, wasting reduction &tidying up. There is a top quality, large &varied menu of time-saving Premium Jitan kits for healthier meals on the table.
- * What is a meal kit? A product comprising a recipe, seasonings and ingredients pre-prepared for a designated number of people.

(1) Oisix: Strengthen Value of Premium Jitan

"Meak" . Top of "things to get right" in the home. Continuous growth in meal kits to help with this saw cumulative shipments exceed 10 million!





(1) Oisix:Enhancing Value of Premium Jitan

"KitOisix Morning Soup" launched to help with busy breakfast hours! Well-received selling-out immediately.



(1) Oisix:Enhancing Value of Premium Jitan

Launched the "Vege Gohan Kit" – an easy vegetable centric meal for busy people. The many recipe variations using seasonal vegetables have proved popular.





Delivered with recipes!

(1) Oisix:Enhancing Value of *Premium Jitan*

Test launch of the "Umami Diet Kit" developed by Chef Keisuke Matsushima! Full-fledged roll-out planned for FY2018.







■ What is the Umami Diet Kit?

The Umami Diet Kit comprises a two week course of meals that are designed to help make umami more discernable and thereby help improve eating habits. The easier a person is able to sense umami, the more they come to prefer healthy food. People feel sated even when only eating small amounts.

Sold out despite its high price point: ¥29,800/set

(2) DMK: Reform of Earnings Structures

Catalogue Renewal Efforts #1: Reduced production time



Time taken to produce printed catalogue reduced to

1/3



Accelerated PDCA



Early discovery of successful patterns

SALES UP

(2) DMK: Reform of Earnings Structures

Catalogue Renewal Efforts #2

Increased appeal via creativity review. Contributed to improvement in marine product sales which had been weak.

Catch the eye!



Prominent catchy title and image at the top of a two page spread to catch the eye of the reader.

Tell the story!



Having caught the reader' sattention, draw them in with details of the product presented in a fun & informative style.

Clinch the sale with catchy naming!





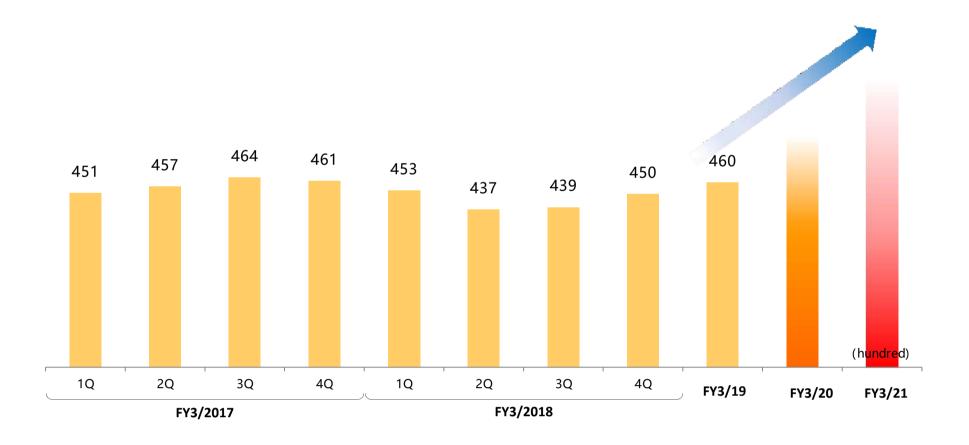
Backed up by not normally seen illustrations for greater effect, catchy product names clinch the sale.





(2) DMK: Reinitiating Subscriber Acquisition Efforts

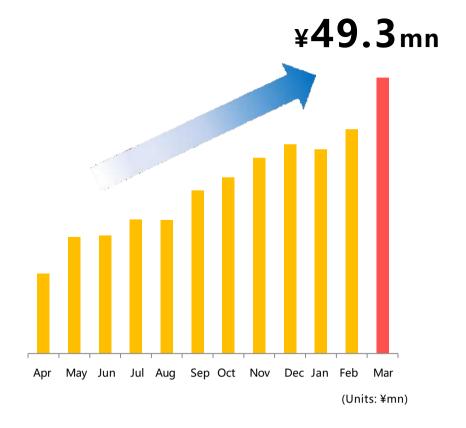
Improvements and more effective subscriber acquisition methods developed in 1H FY3/2018. In 2H, subscriber acquisition activity reinitiated. Recovery in subscriber numbers expected in FY3/2019 and beyond.



(3) Efforts to Create Synergy: Designated DMK area on Oisix.com

Stable operation of DMK' ssite within a Oisix site has translated into healthy sales growth





■Sales trend since launch

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(1) Physical Retail (Physical Stores, Wholesale): Shop in Shop

Boosted by the addition of DMK, sales were up +85.8%YoY. Sales also benefited from exhibition events and the acquisition of new shop venues including the Miuraya & Inageya stores.

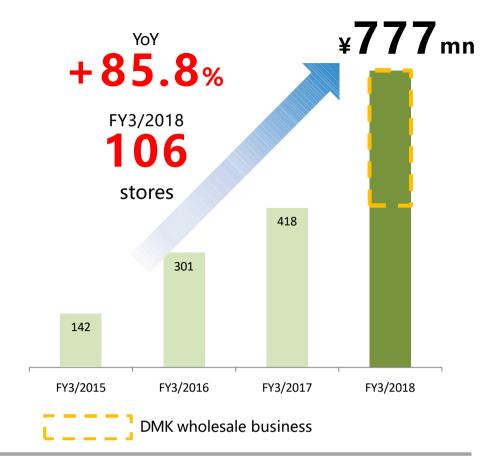
■ New shop in Isetan Urawa Store







■Sales trend (¥mn)



(2) Overseas Business – China (Shanghai)

Limited service for Japanese expats launched in November 2017. Preparations underway for full-fledged roll out in FY2018.

■ 1 st: Start of limited sales to Japanese for monitoring



2 nd: Planned start of sales to Chinese in FY2018



(3) Alliance Business

FY3/18 summer & autumn Kn Mugi 75% Sugar-off' campaign to be repeated in FY3/19. Foreseeable expansion could include Premium Malts, ALL-Free and other Suntory products.







応募期間:2018年2月26日(月)~2018年4月6日(金)

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Tokushimaru:

Expansion of Mobile Sales Infrastructure for "Shopping Refugees"

New agreement entered into with major supermarket operator Sunlive, with 147 stores predominantly in the KitaKyushu/Chugoku region under management.





























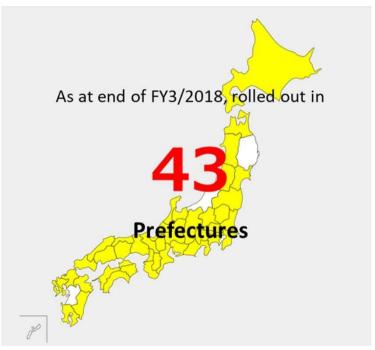




Tokushimaru: Number of Vehicles in Operation

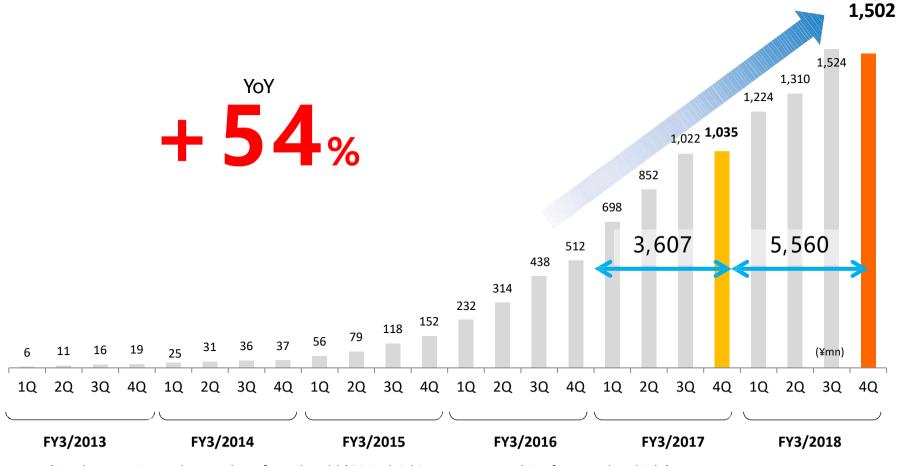
Management support with subsidiarization, as well as a boost in staffing, have led to 83 more operating vehicles or +40% YoY. In April, vehicles surpassed 300.





Tokushimaru: Total Transaction Value

A steady rise in the number of vehicles in operation saw FY3/18 total transaction value* exceed ¥5.0bn!



*Total transaction value = Value of goods sold (Oisix.daichi revenue = royalties from each vehicle)

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TABLE FOR TWO

Oisix donates 3% of revenue to TFT from the sale of TFT-accredited products purchased by our customers. The proceeds are used to fund meals and the construction of dining facilities for children in developing countries.





N-1 SUMMIT 2018 hosted by Oisix.Daichi

The theme of this year's summit was "The Future of Farming lies in a Revolution in Logistics". Approx. 160 producers attended the event to explore new ways of delivering food!



What is the added value of agricultural produce? Consumers gave their frank opinions.



Farmer of the Year award ceremony.



Live Q&A session participated in by all 160+ attendees.

Organic Festa 2108

Organic Festa 2018, an event to link farm and table, was staged by Oisix.daichi. 350 farmers chosen by DMK interacted with 2,000 attendees!



Beefing-up support for Para-sports ahead of 2020

Appointed official supplier to Team Japan! Helping para-athletes build up their strength by supplying training camp lunches and snacks.



Beefing-up support for Para-sports ahead of 2020

m-flo's DJ Taku, the first celebrity to take part in our pro-bono program implemented in collaboration with The Japan Committee for Economic Development & The Nippon Foundation Paralympic Support Center, provided the BGM for the Japanese Paralympic Powerlifting Competition!



In collaboration with JCED we are also staging meet &greet events to match paraathletic bodies with professionals who can help with the running of competitions and PR, etc.

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- 2. Business Combination of Radishbo-ya Co., Ltd.

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1. Business and Capital Alliance with NTT DOCOMO

2. Business Combination of Radishbo-ya Co., Ltd.

1. Business Alliance with NTT DOCOMO

Food Home Delivery Market Strength

- The meal kit market, which is looking buoyant in the USA, is gaining traction in Japan (approx. ¥200bn, source: Nikkei Trendy)
- Growth in home delivery market from further developments in women entering the work force (approx. 2 trillion yen, source: Yano Research Institute)
- Possibility of further market expansion from the entry of traditional industry players and/or large capital-rich overseas players.

DOCOMO assets

- Database of approx. 75 million customers
- Overwhelming brand power
- ABC Cooking Studio
- dPOINT Collaboration
- Al Agents to attract customers



Oisix.daichi assets

- Network of excellent producers
- Safe & secure brand
- Own food home delivery business infrastructure
 - 3 temperature zone warehousing
 - Production facilities
- No.1 in Meal Kits
- Network with home delivery major Yamato Transport

1. Capital Alliance with NTT DOCOMO

Capital alliance with DOCOMO through 3rd-party allocation.



Takes 3% stake through 3rd party allocation (¥630mn)



Oisix.daichi

Plans to take a board seat



Meal Kit FC (Collaborative business)



Funds procured to be used for investments in production plant equipment &IT systems, etc.

TOPICS

1. Business and Capital Alliance with NTT DOCOMO

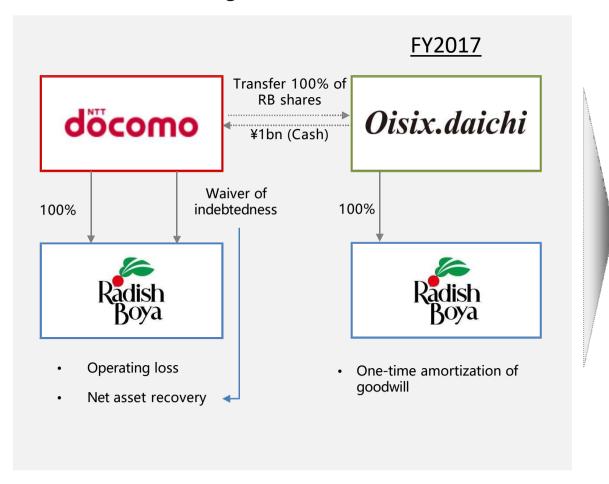
2. Business Combination of Radishbo-ya Co., Ltd.

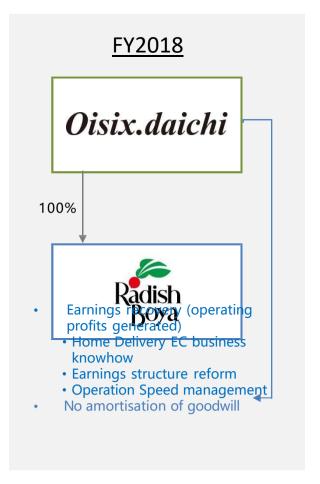
2. About Radishbo-ya

Company name	Radishbo-ya Co., Ltd.
Representative Director	Kohey Takashima (Representative Director & CEO)
Year of establishment	May 17, 1988
Major shareholders	Oisix.daichi Inc. 100%
Business Description	Delivery service of organic, low-chemical & non-additive foods
Places of business	Headquarter (Tokyo), Hokkaido Center, Tohoku Center, Tokyo Area Center, Kanagawa Center, Chubu Center, Osaka Center
No. employees	Full time (including contractors) 236, part-time/temporary 119 Xas at end February, 2018
No. farmers, etc.	Approx. 2,400
Performance	Sales: ¥ 18.9 bn, Operating losses: ¥ 0.6 bn (FY02/2018)

2. Business Combination of Radishbo-ya (RB)

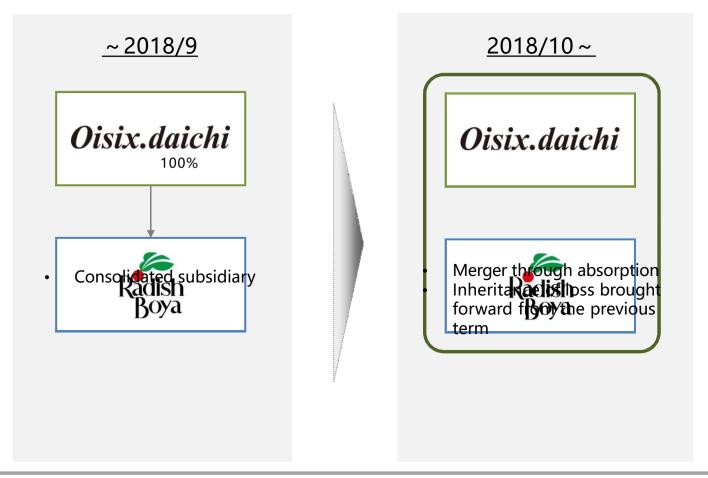
- On February 28, 2018, DOCOMO transferred its 100% holding in RB to Oisix.daichi
- Recovery in earnings power via introduction of home delivery business expertise & reforms to earnings structure.





Business Combination of Radishbo-ya (RB)

- Merger planned in FY3/19 (assuming authorisation at Annual General Meeting of Shareholders in June 2018).
- Profitability improvement via coalescence of management and integration of group resources.



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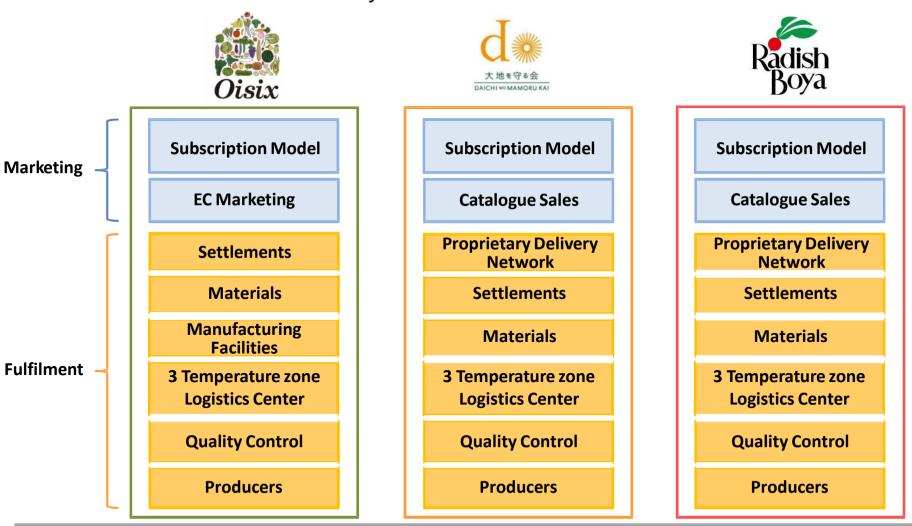
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Standard Operational Structure for Each Home Delivery Brand

In the past, each business operated independently of one another, each with its own home delivery brand.



Food Delivery Business: Building the Platform for Growth

Going forward, aim is to create distinct platforms with unique functions that allow for sharing of knowhow & infrastructure. Promotes rationalization/social problem-solving.













Marketing Platform

- Subscription
- CRM
- UI/UX
- Web promotion, etc.

Fulfilment Platform

- Producers
- 3 temperature logistics centers
- Food processing/manufacturing facilities
- Delivery network/facilities
- Quality control, etc.

Benefits of Platform Approach

Marketing Platform

Subscription /Promotion

- Development of subscription model to create a solid customer base & stable income streams
- Repeat marketing using access logs, purchase analysis & improved UI/UX, etc.
- Improved customer acquisition rates through use/promotion of web marketing
- Optimisation of customer acquisition methods using catalogues

¥ **▲** 300m (FY3/2019 Plan)

Fulfilment Platform

Procurement /Production

- Stabilised supply through expanded supplier network
- Increased productivity through sharing operational knowhow of 3 temperature-zone food centers
- Merged processing & production facilities for increased productivity, lower costs & improved quality

Quality Control

Unified product selection & quality checking functions to resolve differences in brand quality & reduce costs

Materials

- Unification of packaging materials to reduce costs & improve quality
- Cost savings via centralization of catalogue printing

Logistics

- Building of an effective delivery network using Yamato Transport, our own trucks & regional facilities
- Increased convenience for customers through delivery method diversification

Settlement

• Unification of vendors for volume discounts

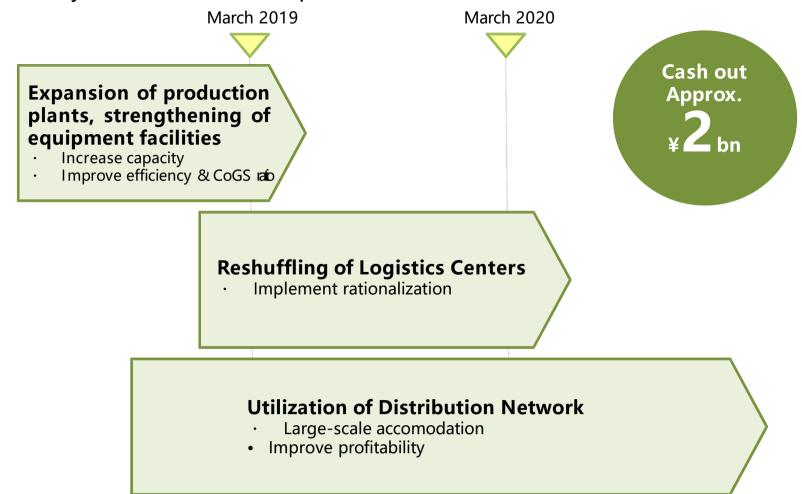
¥ ▲ 200m (FY3/2019 Plan)

Others

- SG&A expenses from office/branch mergers (rent, telecom, fixtures, etc.)
- Collaboration in customer support

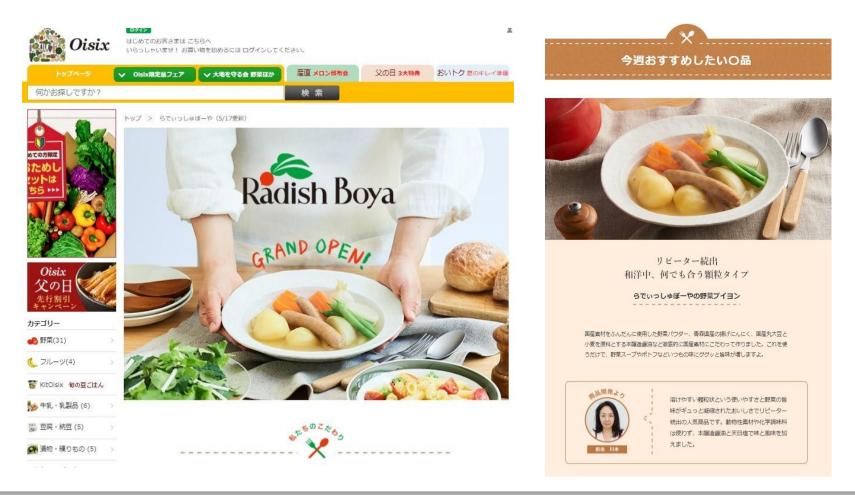
Investment Relating to Platform Development

With integration of the 3 brands, production capacity will be expanded and logistics centers will be reshuffled. Investments to be made for scaling-up and profitability enhancement to be promoted.



Start of Initial Collaborative Project Ra in O"

A special Radishbo-ya sales site was opened on Oisix.com on 17 May. PB merchandise such as chemical free seasonings were offered. Aim is to quickly develop synergies from the formation of the group.



First 3 Brand Collaboration 'Next Break Tohoku' Begins

First 3 brand collaboration since Radish Boya became part of the Group. Sale of products new or reborn in Tokoku's 3 Prefectures since the 2011 earthquake and tsunami.



Background of efforts

Sharing our producer networks & marketing knowhow, the 3 brands aim to identify and nurture produce that consumers will love in the Tohoku region's three prefectures of Iwate, Miyagi & Fukushima. Aim is to make them hit, flagship products. By nurturing hit products, we contribute to the economic development of these areas.

■ Sold by RadishBo-ya Yagisawa Shoten' s 'Kiseki no Hishio'





Soy sauce, miraculously being brewed again thanks to the accidental discovery of vital moromi biocultures thought to have been lost to the natural disaster

■ DMK Isobe-kako Kumiai marine produce





Sale of seafood from the Isobe-kako Kumiai Union, formed by fishermen, their cooperatives &intermediaries to rebuild Fukushima's fishing industry

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Progression of *Takuhai* Home Delivery Business (1) Oisix

To meet the diverse needs of varying lifestyles, <u>collection alternatives</u> made possible. Makes possible delivery to still more customers!

Delivery to the home







Pick-up at CVS (trialling since March) Lawson Fresh Pick (Ropic)





Physical Store sales





Mobile sales



Progression of *Takuhai* Home Delivery Business (1) Oisix

As well as increasing delivery points, expanding points of sale. Initiate **workplace** sales alongside Shop in Shop & other formats.



Progression of *Takuhai* Home Delivery Business (1) Oisix

"want it, but it stoo much like junk food... so I lpass...!" No need! Working with famous brands, we have developed **Healthy Junk Kits!**



Curry, Ramen noodles, Hamburgers, etc. High Calories/Low Nourishment Too much like junk food to eat...



Add lots of safe & nourishing ingredients & it becomes

Health Conscious

Healthy junk food!

Progression of *Takuhai* Home Delivery Business (2) DMK

A service offering "a healthy food life" without strain and one that is sustainable. Stimulate customer desire with 'killer veg' developed along this concept.

Killer veg



Amatoro Fukaya Negi (onions), Nokoamamitsu Satsumaimo (sweet potato)

The seasons reward handwork



Miso, dried veg, jam making

Progression of *Takuhai* Home Delivery Business (2) DMK

Enhancement of **small portion** offerings and bundling of **recipe cards** based on customer needs.

Small portions/no leftovers



Bundling of Recipe Card

An eye-catching cooking pictures and recipe on the front side





Preservation method and cooking tips on the back side

Progression of *Takuhai* Home Delivery Business (3) Radishbo-ya

Value Offering:

Thoughtful food that rewards

"time & effort to life"

Enjoy time & effort, live each day thoughtfully, and a sustainable future will follow



Progression of *Takuhai* Home Delivery Business (3) Radishbo-ya

More effective promotional methods

- √ Reduce overall sales promotion costs
- ✓ Restrain channels with low acquisition rates
- √ Reduce no. of pages in catalogues, Efficient pamphlet use

Solicitation of high margin services

√ Reduce loss-making orders

Reform of cost structure

✓ Improve CoGS margin, reduce cost of materials, settlement fees, customer support operation

Introduction of management methods

√ Visualisation of profitability, Increasing PDCA cycle rate

Turn profitable quickly, continually build and improve earnings structure

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Progression of non-*Takuhai* Home Delivery Business (1) Physical Store Retail

Through diverse channels, expand &complement Takuhai service awareness. Focus on Kit Oisix brand recognition/increasing the number of first time users.





Nursery school

Progression of non-*Takuhai* Home Delivery Business (2) Solutions

Secure revenue, increase the number of customers who buy Kit Oisix with initiatives making use of knowhow &data bases at each brand.











EC meal kit collaboration

Expand advertising database

Exploit brand to beefup novelty

Progression of non-*Takuhai* Home Delivery Business: (3) Overseas

Begin procurement &sales in China, aim for full-fledged subscription model roll-out.



FY3/2019 Action Plan

- 1. Platform for Growth of Food Delivery Business
- 2. Progression of *Takuhai* Home Delivery Business
 - 1 Oisix
 - 2 DMK
 - 3 Radishbo-ya
- 3. Progression of non-Takuhai Business
 - 1 Physical store retail
 - 2 Solutions
 - 3 Overseas
- 4. Tokushimaru

Progression of non-Takuhai Home Delivery Business: (4) Tokushimaru

Accelerate sales partner acquisitions and aim for 420 vehicles in operation via use of Oisix.Daichi's operation-building capabilities & CRM.

FY3/2018

Vehicles in operation

288

(+83 vehicles, +40% YoY)

FY3/2019

Vehicles in operation 420

(+132 vehicles, +45% YoY)

Acquisition of Sales Partners





Oisix Knowhow, staff secondment, etc.

Contents



FY3/2019 Consolidated Targets

- + 52% sales growth via further growth of the *Takuhai* home delivery business & business combination of Radishbo-ya.
- + 34% growth in operating profit, +19% growth in EBITDA.
- On the assumption that the Radishbo-ya merger will occur during the current FY3/2019, a significant increase in net income is expected owing to tax-loss carryforwards.

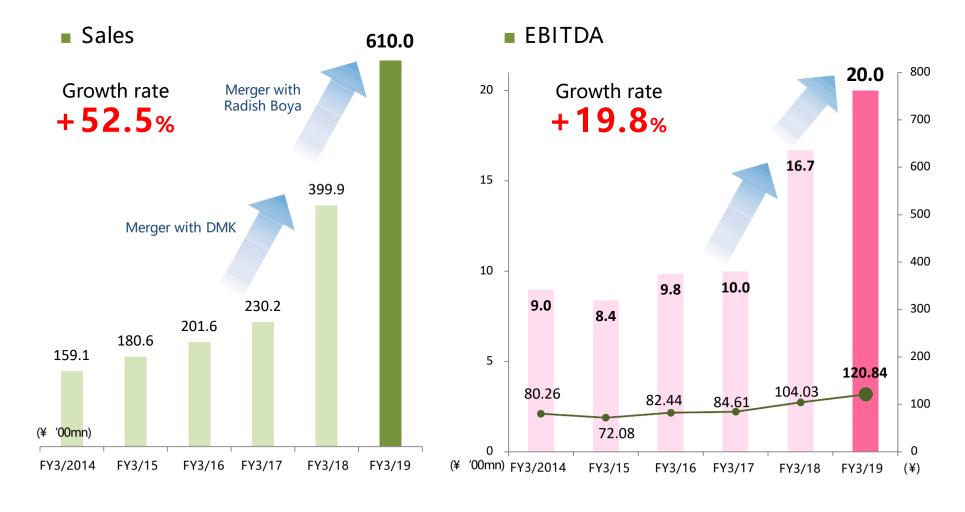
Units: ¥mn	FY3/2018 Results	FY3/2019 Plan*1	+/- YoY	+/- YoY %
Sales	39,987	61,000	21,013	152.5%
Operating Profit	891	1,200	309	134.6%
EBITDA *2	1,670	2,000	330	119.8%
Net income attributable owners of parent	e to 237	900	663	379.7%
EBITDA per share (¥)	104.03	120.84	16.81	116.2%

X1 From this FY includes Radishbo-ya earnings (became a consolidated subsidiary on February 28, 2018)

^{X2 EBITDA = Operating profit+ depreciation + goodwill amortisation}

FY3/19 Target Sales & EBITDA Trends

Integration of *takuhai* home delivery business expected to result in a second continuous term of significant growth in sales and EBITDA.

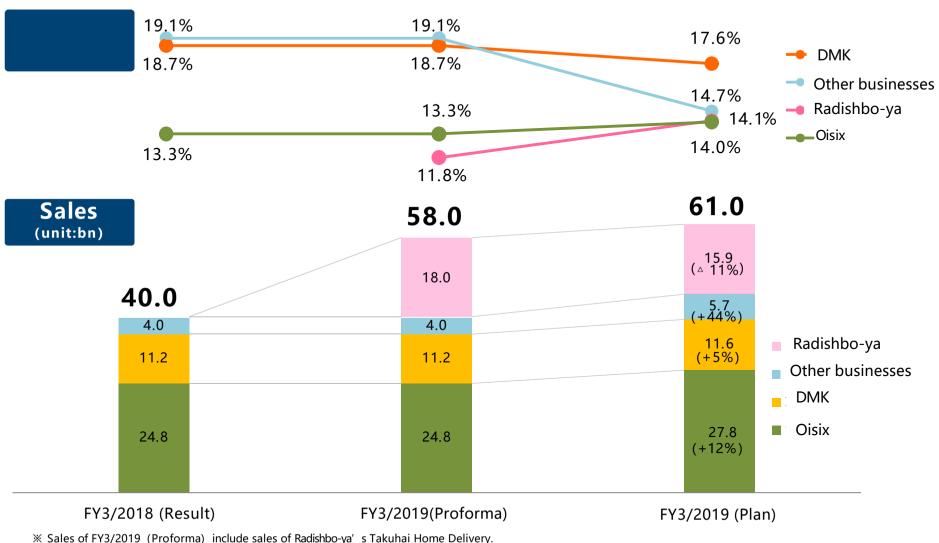


FY3/2019 Targets by Segment

- Oisix:Double digit sales growth & margin improvement driven by increase in subscribers.
- DMK: Sales growth &slight decrease in margin from reinitiation of promotional activity.
- Radishbo-ya: Margin improvement from cost structure reforms (previous FY approx. 12%).

(Unit:¥ 00mn))	FY3/2018 (Result)	FY3/2018 (Plan)	YoY	YoY
Takuhai Home	e Delivery				
Oisix	Sales	24,799	27,800	+3,001	112%
	Marginal profit	3,288	3,890	+602	118%
		13.3%	14.0%	+0.7%	-
DMK	Sales	11,215	11,550	+335	103%
	Marginal profit	2,095	2,030	△65	97%
		18.7%	17.6%	$\triangle 1.1\%$	-
Radishbo-ya	Sales	-	15,920	-	-
	Marginal profit	-	2,240	-	-
		-	14.1%	-	-
Other Busines	ss Sales	3,972	5,730	+1,758	144%
	Marginal profit	760	840	+80	111%
	a. ga. p. a	19.1%	14.7%	△4.5%	-
Company tot	al Sales	39,987	61,000	+21,013	153%
	Marginal profit	6,143	9,000	+2,857	147%
	3 1	15.4%	14.8%	△0.6%	-
	Fixed costs	5,253	7,800	+2,547	148%
	Operating profit	891	1,200	+309	135%
		2.2%	2.0%	△0.3%	-
	EBITDA	1,670	2,000	+330	120%
		4.2%	3.3%	△0.9%	-

FY3/2019 Targets by Segment – Sales & Marginal Profit

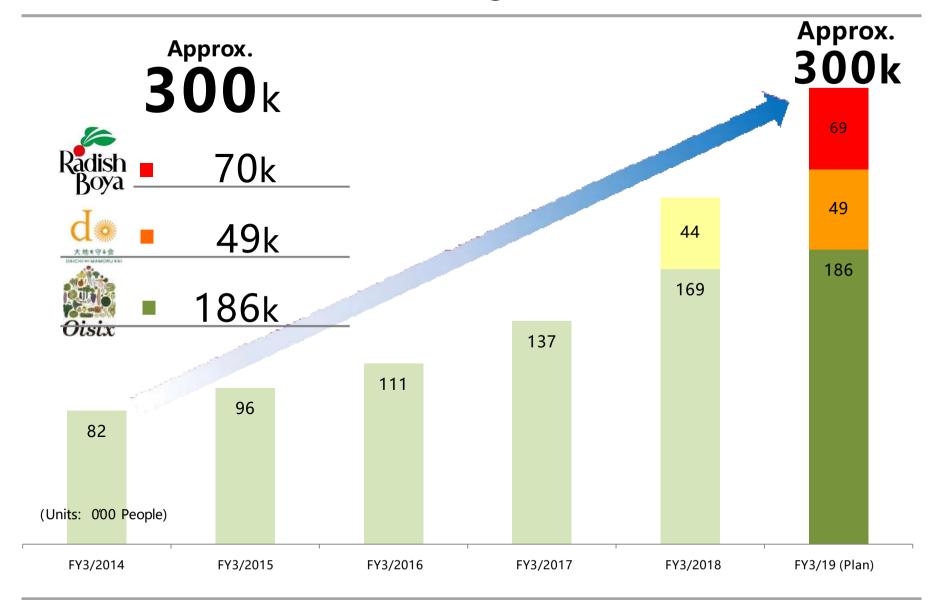


X Sales of FY3/2019 (Proforma) include sales of Radishbo-ya's Takuhai Home Delivery.

^{*} Other business: solutions, media, shops, overseas, wholesale, etc.



FY3/2019 Subscriber No. Target



Oisix.daichi