



Results Briefing Material

FY03/2018 2Q Results
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.

Contents



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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3. Reforms to Profit Structure

FY03/2018 2Q Consolidated Results Overview

- With the addition this term of Daichi wo Mamoru Kai's, Sales were up 76.7%. Achievement rate slightly ahead on strong Oisix membership growth.
- EBITDA was up 62.4% YoY. Achievement rate in-line with plans.

Units: ¥mn	FY03/2017 2Q Actual	FY03/2018 2Q Actual	FY03/2018 Plan	YoY +/-	YoY % +/-	Achievement Rate
Sales	10,718	18,935	38,000	8,217	176.7%	49.8%
Operating Profit	270	237	670	-33	87.8%	35.4%
EBITA※1	289	431	1,020	142	149.3%	42.3%
EBITDA※2	391	635	1,390	244	162.4%	45.7%
Excluding Extraordinary Factors※3	-	753	1,570	-	-	48.0%
EBITDA(¥) Per share	66.60	79.45	175.11	12.85	119.3%	45.4%

※1 EBITA=Operating Profit + Amortization of Goodwill

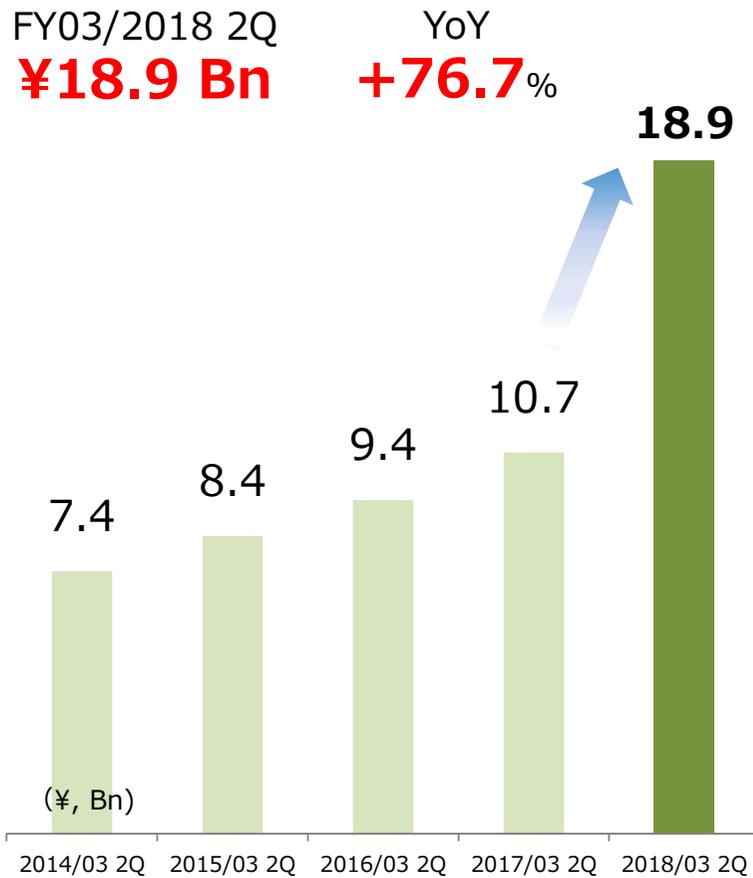
※2 EBITDA=Operating Profit + Depreciation + Amortization of Goodwill

※3 Extraordinary Factors=One-off merger related costs (e.g., cost of moving HQ)

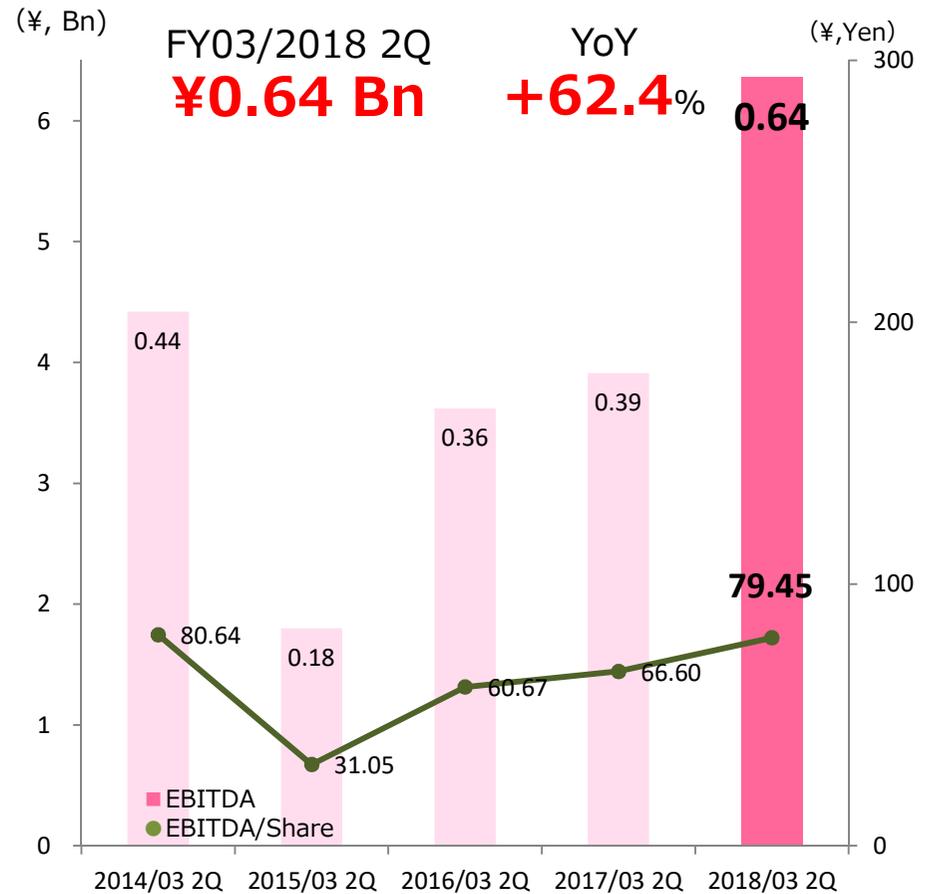
Consolidated Sales · EBITDA Trends

Owing to new memberships at Oisix, Sales were up 76.7%. EBITDA was up 62.4% marking 4 straight quarters of growth.

Sales



EBITDA and EBITDA per Share



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- Daichi wo Mamoru Kai KPI

3. Reforms to Profit Structure

FY03/2018 2Q Results Overview by Segment

- Oisix: Reflecting strong new subscription growth, Sales were ahead of plan. However, concomitant rise in sales of high CoGS sample sets resulted in weaker marginal profit trends.
- Daichi wo Mamoru Kai: Sales and marginal profits both above target owing mainly to conservative forecasts.

	Plan	FY03/2018 2Q	Achievement Rate
Home Delivery Business			
Oisix			
Sales	23,988	11,470	47.8%
Marginal Profit	3,465	1,392	40.2%
Margin (%)	14.4	12.1%	-
Daichi wo Mamoru Kai			
Sales	10,841	5,487	50.6%
Marginal Profit	2,039	1,078	52.9%
Margin (%)	18.8	19.7%	-
Other Businesses			
Sales	3,171	1,978	62.4%
Marginal Profit	629	384	61.1%
Margin (%)	19.8	19.2%	-
Company Total			
Sales	38,000	18,935	49.8%
Marginal Profit	6,133	2,854	46.5%
Margin (%)	16.1	15.1%	-
Fixed Costs※1	5,463	2,617	47.9%
Operating Profit	670	237	35.4%

※1 Including Amortization on good will.

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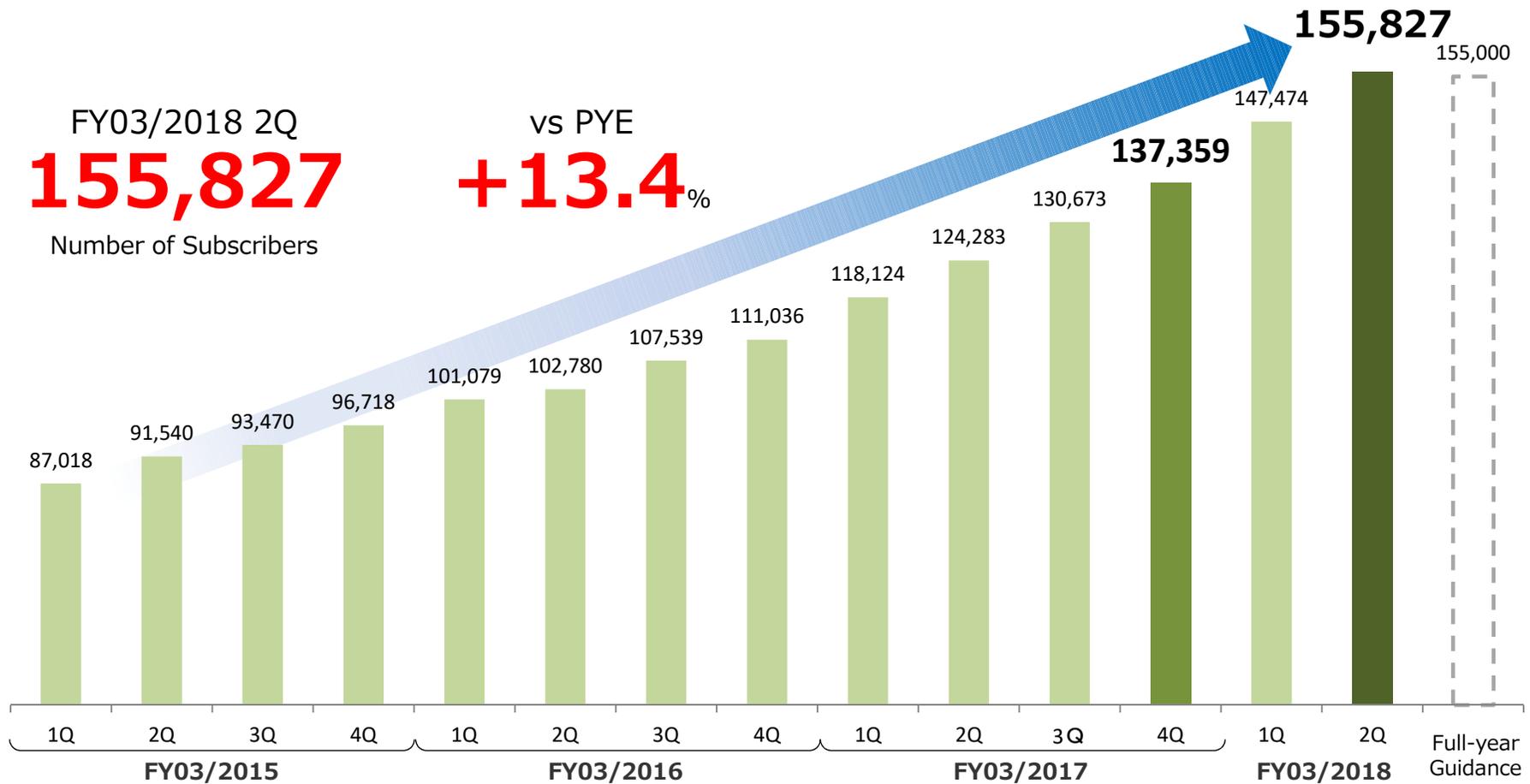
- **Oisix KPI**

- Daichi wo Mamoru Kai KPI

3. Reforms to Profit Structure

Oisix: Subscriber Trends

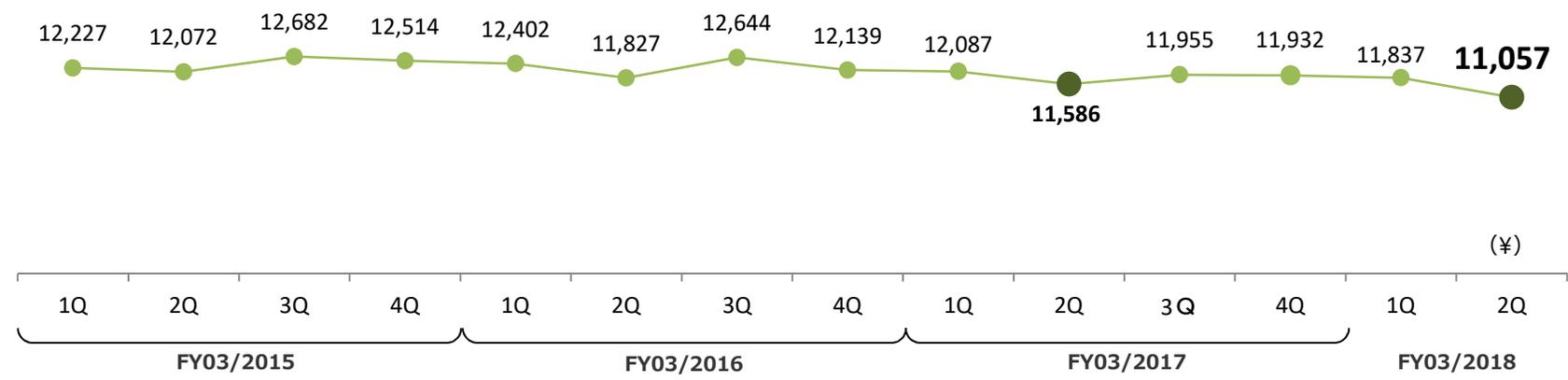
Meal Kit exposure (e.g., Non-stop, ZIP! on TV) and/or SEO countermeasures performing well, driving top line growth.



Oisix: ARPU Trends

With new subscriptions strong, “beginners” with typically lower average monthly spending, have put a drag on ARPU

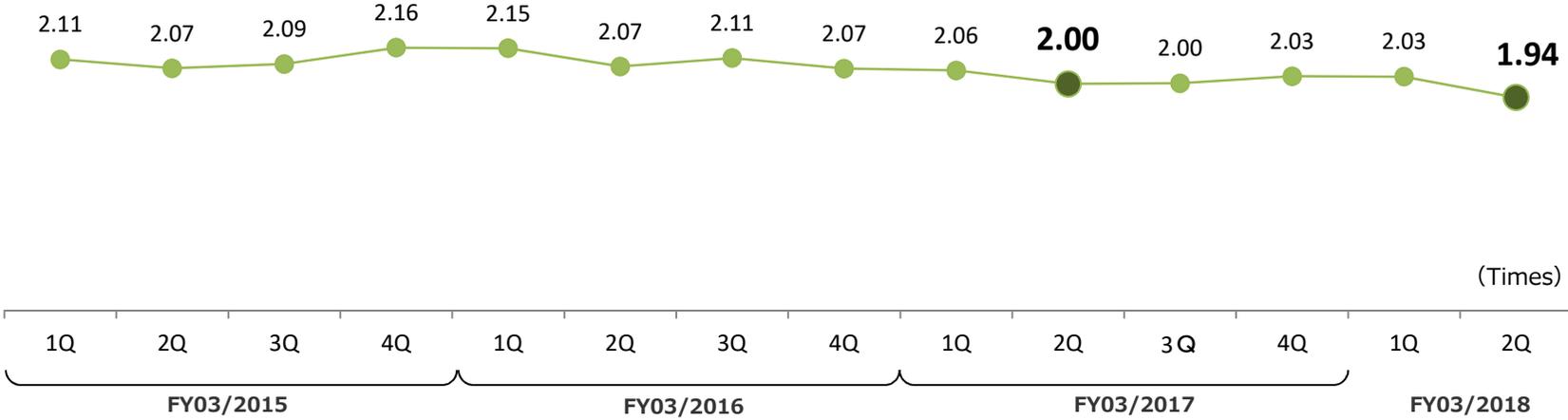
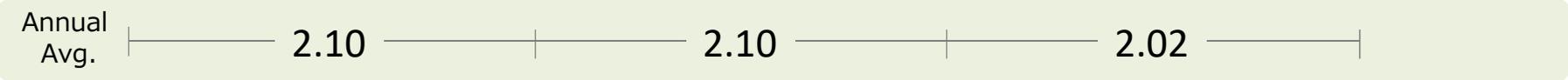
FY03/2018 2Q YoY
¥11,057 **95.4%**



※ ARPU : Average Revenue Per User
 ※ Regular Subscribers: Frequency of Purchase x Avg Customer Spend (Basket)

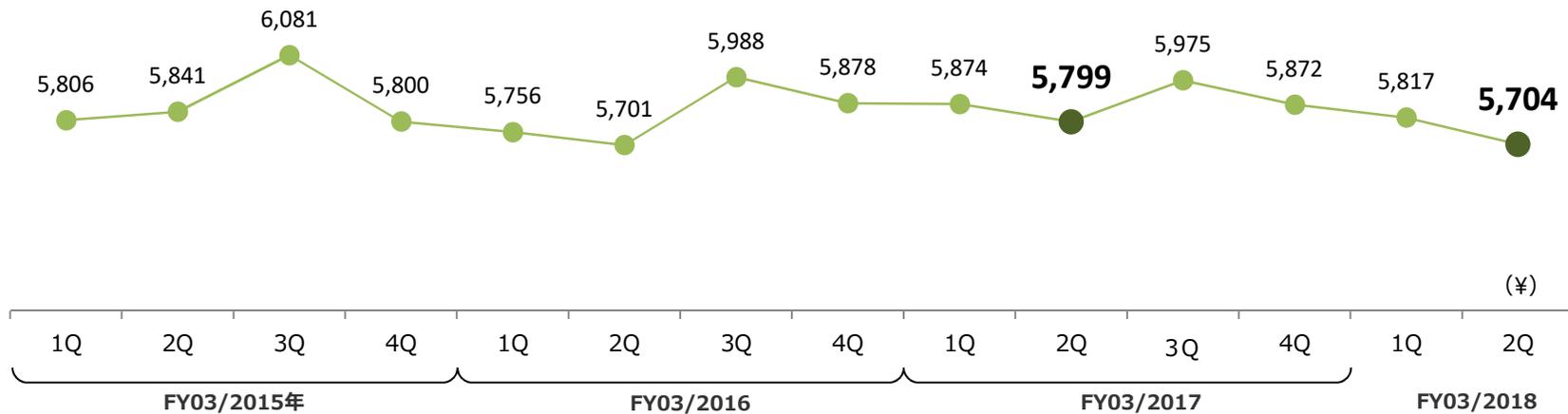
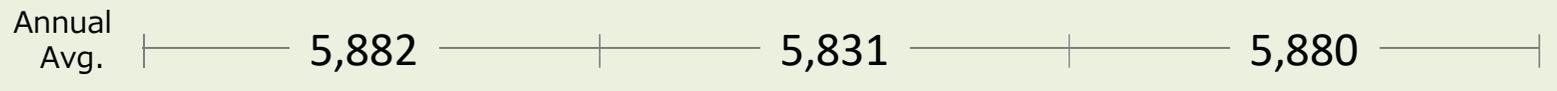
Oisix: Frequency of Purchase (FoP) Trends

FY03/2018 2Q YoY
1.94 Times **97.0**%



Oisix: Average Customer Spend (Basket) Trends

FY03/2018 2Q YoY
¥5,704 **98.3%**



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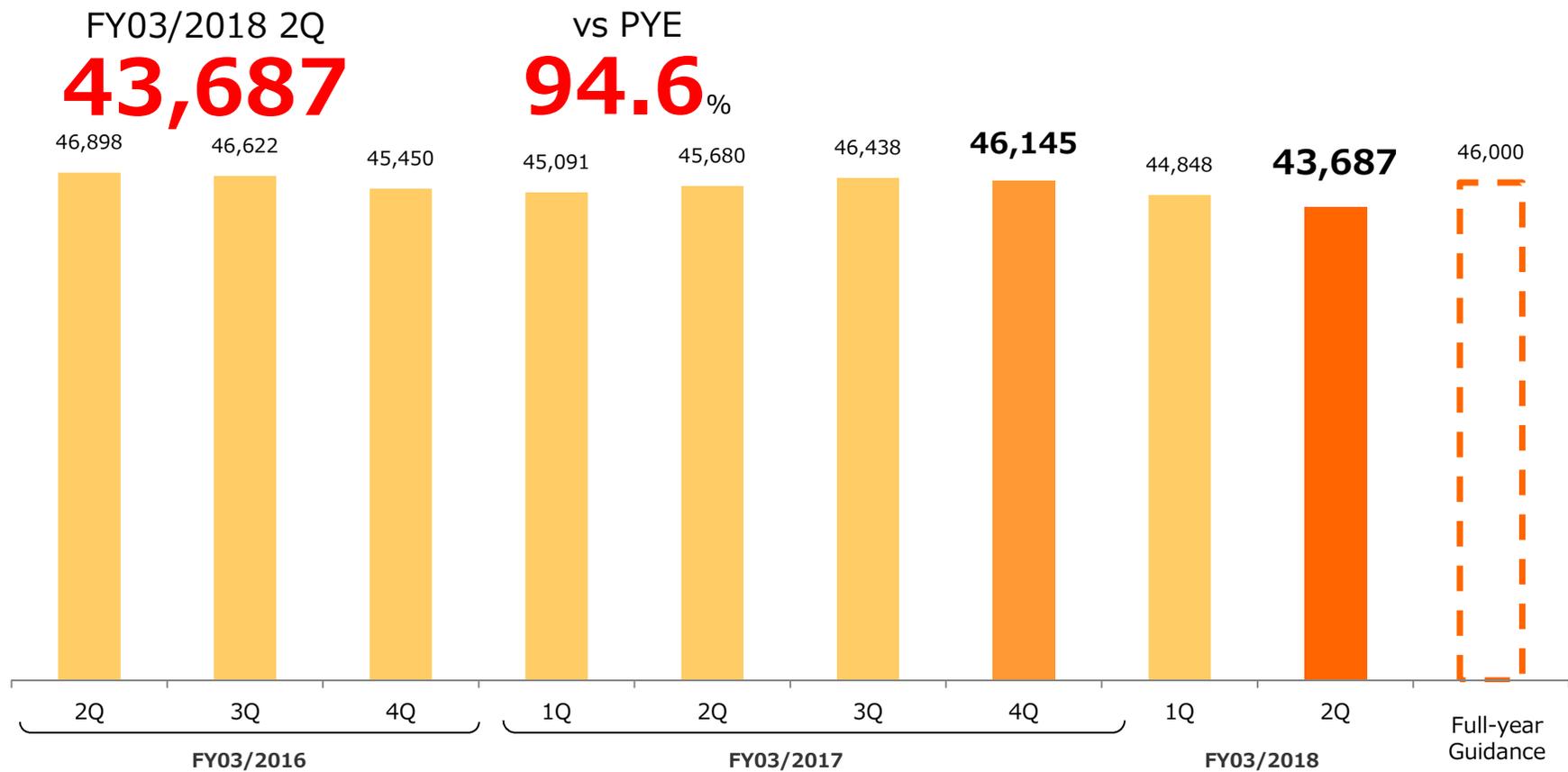
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3. Reforms to Profit Structure

Daichi wo Mamoru Kai: Subscriber Trends

In the 1H, promotional spending restrained and emphasis placed on review of earnings structure.

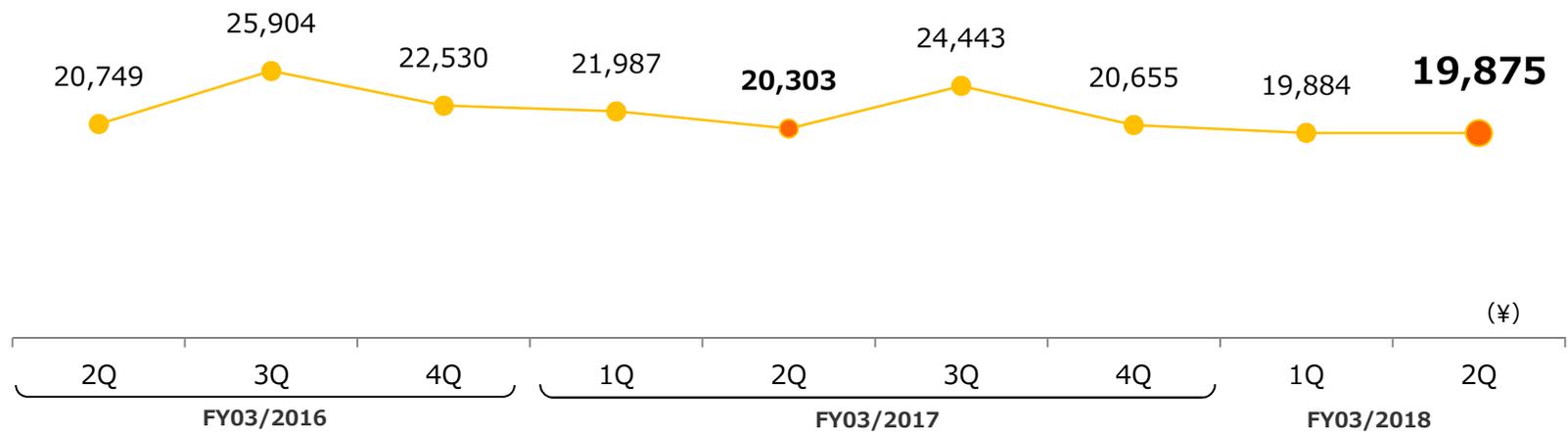
In the 2H, launch of new services and catalogue renewal planned.



Daichi wo Mamoru Kai: ARPU Trends

Whilst Average Customer Spend was flat YoY, frequency of purchases had an impact and ARPU saw a slight decline.

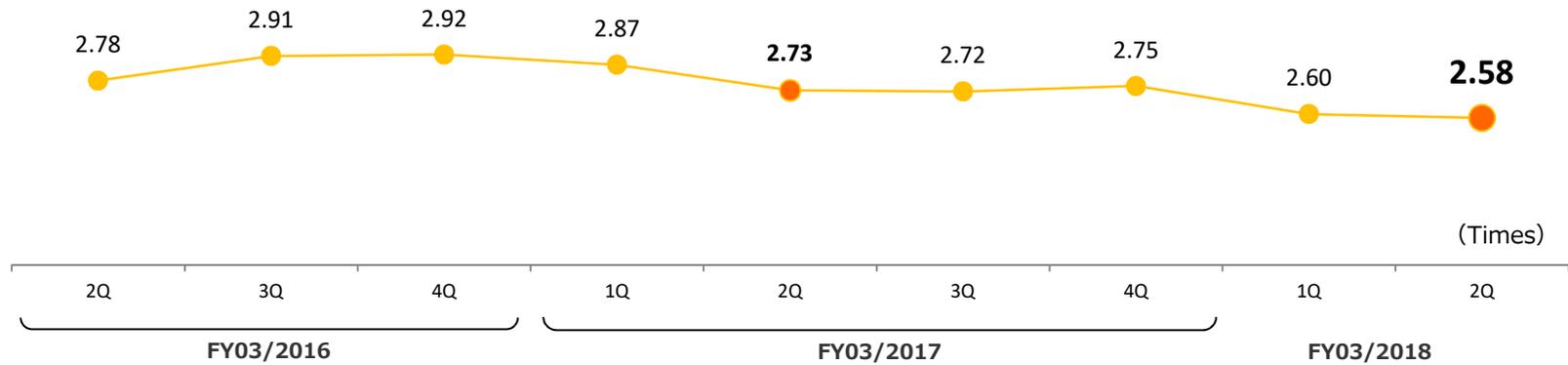
FY03/2018 2Q YoY
¥19,875 **97.8%**



- ※ ARPU : Average Revenue Per User
- ※ Regular Subscribers: Frequency of Purchase x Avg Customer Spend (Basket)
- ※ Quarterly-end data for FY03/2016 2Q~FY03/2017 4Q. Quarterly avg. from FY03/2018 1Q onwards.

Daichi wo Mamoru Kai: Frequency of Purchases

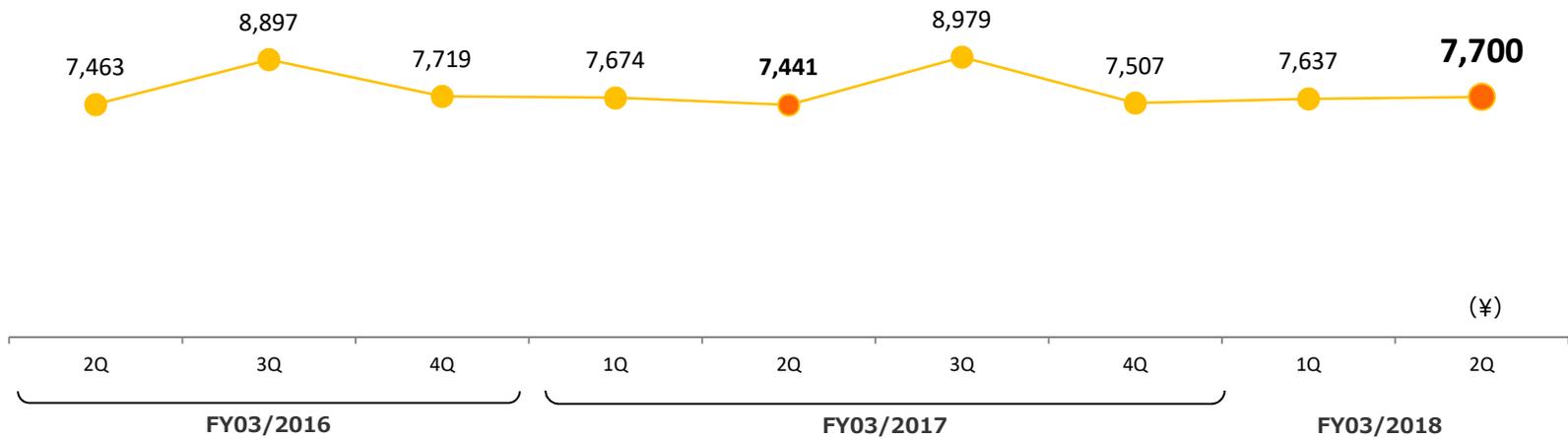
FY03/2018 2Q
2.58 Times
 YoY
94.5%



※ Quarterly-end data for FY03/2016 2Q~FY03/2017 4Q. Quarterly avg. from FY03/2018 1Q onwards

Daichi wo Mamoru Kai: Average Customer Spend

FY03/2018 2Q
¥7,700 YoY
+3.5%



※ Quarterly-end data for FY03/2016 2Q~FY03/2017 4Q. Quarterly avg. from FY03/2018 1Q onwards

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3. Reforms to Profit Structure

Business Reorganization via Reforms to Profit Structure

“Oisix Crazy for Veggy - Atre Kichijoji” and “Daichi wo Mamoru Dining,” whilst contributing to brand penetration, were closed. Resources will be concentrated on growth models.

■ Oisix Crazy for Veggy Atre Kichijoji



Closed on 10 Sept 2017

■ Daichi wo Mamoru Dining



Closed on 31 Aug 2017

Contents



TABLE FOR TWO

Oisix donates 3% of revenue to TFT from sale of TFT-accredited products to customers. Proceeds go toward meals and construction of places for children in developing countries to eat.



TO DATE, OISIX HAS DELIVERED (AS OF SEPT 2017)

APPX 3.81 MILLION LUNCHES

※Cumulative through Sept 2017, 1 Lunch = ¥20 Equivalent

Renewing Fukushima's Farmland - Iwaki Organic Cotton Tour

Cultivation of cotton, not usually the target of harmful rumors, brings an opportunity to build a new agricultural and a textile industry. Hosting of "Iwaki Organic Cotton Tour." 50 Oisix.daichi staff members have taken part in the tour since the project began.



Iwaki Organic Cotton Tour

The "Iwaki Organic Cotton Tour" is an initiative to support the "Fukushima Organic Cotton Project." The "Project" is an effort, via cultivation of organic cotton, to mitigate the problem of idle and/or abandoned farmland owing to succession issues and/or the Fukushima nuclear accident.



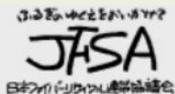
Fukushima Organic Cotton Project: <http://www.iwaki-otentosun.jp/cotton/>

Donating Old Clothes and Giving the Children of Pakistan a Chance to Learn!

In Sept/Oct 2017, under Daichi wo Mamoru Kai's leadership, subscribers donated old clothes to help schools in Karachi, Pakistan.



2,579 subscribers donated about 6.3 tons of old clothes!



JFSA(Japan Fiber Recycle Solidarity Association) : <http://www.jfsa.jpn.org/about.html>

Hosting of Tokyo Harvest 2017 !

Bountiful Harvest Festival “Tokyo Harvest 2017,” a venue for expressing gratitude to producers, was held at the Roppongi Hills Arena. Lots of attention from various media including NHK, TV Tokyo…etc.



In this year’s event, for the 5th time, everyone from children to parents to foreign visitors were able to experience the “eating,” “playing,” “studying” and other aspects of Japanese food culture. Some 30 stores opened booths where visitors were able to buy everything from food ingredients to finished dishes.

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- (2) Overseas Business
- (3) Novelty Business

4. Tokushimaru

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1. Growth of Home Delivery Business

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(1) Oisix: Enhancing Premium Jitan Value

■ What is Kit Oisix?



point
1

Includes recipe for cooking Main Dish/ Side Dish in just 20-minutes

point
2

Have only what you need in optimal form! Lots of vegetables to boot!

point
3

Encountering a new repertoire ... together.

(1) Oisix: Enhancing Premium Jitan Value

Growth of meal kits in the U.S. has been followed by expansion of players and market size domestically. Placed 4th in the “Nikkei Trendy 2017 Ranking of Hit Products.”

■ Nikkei Trendy Dec 2017 Edition



■ Survey Results: “Kit Oisix” secures **No.1** spot!

	Kit Oisix	Company A	Company B	Company C	Unanswered
Product one would most like to try.	140	25	12	41	96
Product one would most like to recommend to a friend.	75	43	15	38	143
Product that makes cooking most fun.	104	31	32	36	111
Product one believes is most talked about.	119	26	15	47	107
Product most suited for families with small children.	86	38	21	76	93
Product most suited for working women.	87	62	25	59	81

【Research Outline】

- Survey of brand penetration of nine suppliers of meal-sets.
- Above questions directed to only those who recognized all four of the top brands.

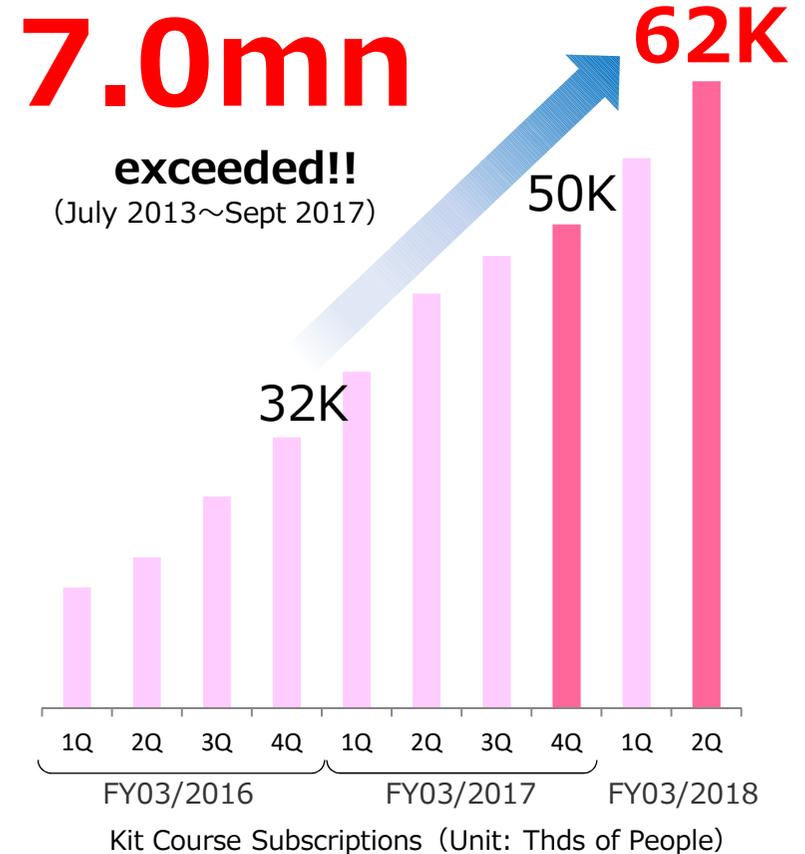
(1) Oisix: Enhancing Premium Jitan Value

Popularity of Kit Menu Varieties - Summer Break Project Kits, Noodle Kits Series, Easy Kits for the non-Cook etc. – have continued to drive sales.

Kit Oisix Menu Examples



Cumulative Kit Shipments



(1) Oisix: Enhancing Premium Jitan Value

Launching of Kits that recreate Manga meals and collaborative Kits with TV Personality Yuko Ogura famous for her cooking skills.

- Recreation of Space Meals!
"Space Brother Meal Kit"



- Ms. Yuko Ogura Compiled "Cooking w/Your Kids"



(1) Oisix: Enhancing Premium Jitan Value

Deepening Your Love! Anjasshu/ Ken Watanabe Compiled “Kit Oisix for Two”. Hot media topic - orders rising.



Nippon TV NEWS24, ZIP ! (Yomiuri TV), “Mezamashi (Wake-up) TV (Fuji TV) … etc. Getting picked-up on various media including TV, Magazines, and the Internet!

Oisix.daichi

(1) Oisix: Enhancing Premium Jitan Value

Launch of “Kit Oisix for Toddlers” which allows for easy cooking of dishes for 1~2 year-olds along with main dishes for adults.

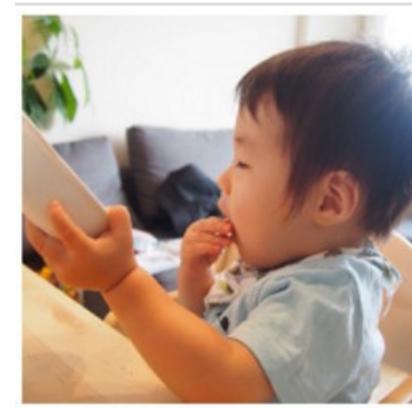
子どものごはん
別で作るのが大変

The challenges of cooking separate meals for the toddler ...

For such time-pressed parents we offer on a limited basis “Kit Oisix for Toddlers.” In just 25-minutes, prepare a main and side dish for 2 adults + 1 toddler (1~2 years of age). Recipe created under supervision of nutritionist Yuriko Ota with toddler tastes and appetite in mind.



※画像はイメージです。



(2) Daichi wo Mamoru Kai: Reforms to Profit Structure

- Focusing on reforms to the company's earnings structure during the 1H. Whilst restraining overall promotional costs, implementing measures to improve the efficiency of targeted marketing as well as implementing consolidation of plants.
- In the 2H, implementing measures to increase new customer acquisition via renewal of catalogues and launch of new services.

1st Half

- ❑ Boosting efficiency of customer acquisition
 - 40% cut in average cost of customer acquisition
- ❑ Consolidation of Plants



2nd Half

- ❑ Catalogue Renewal
- ❑ Launch of New Services

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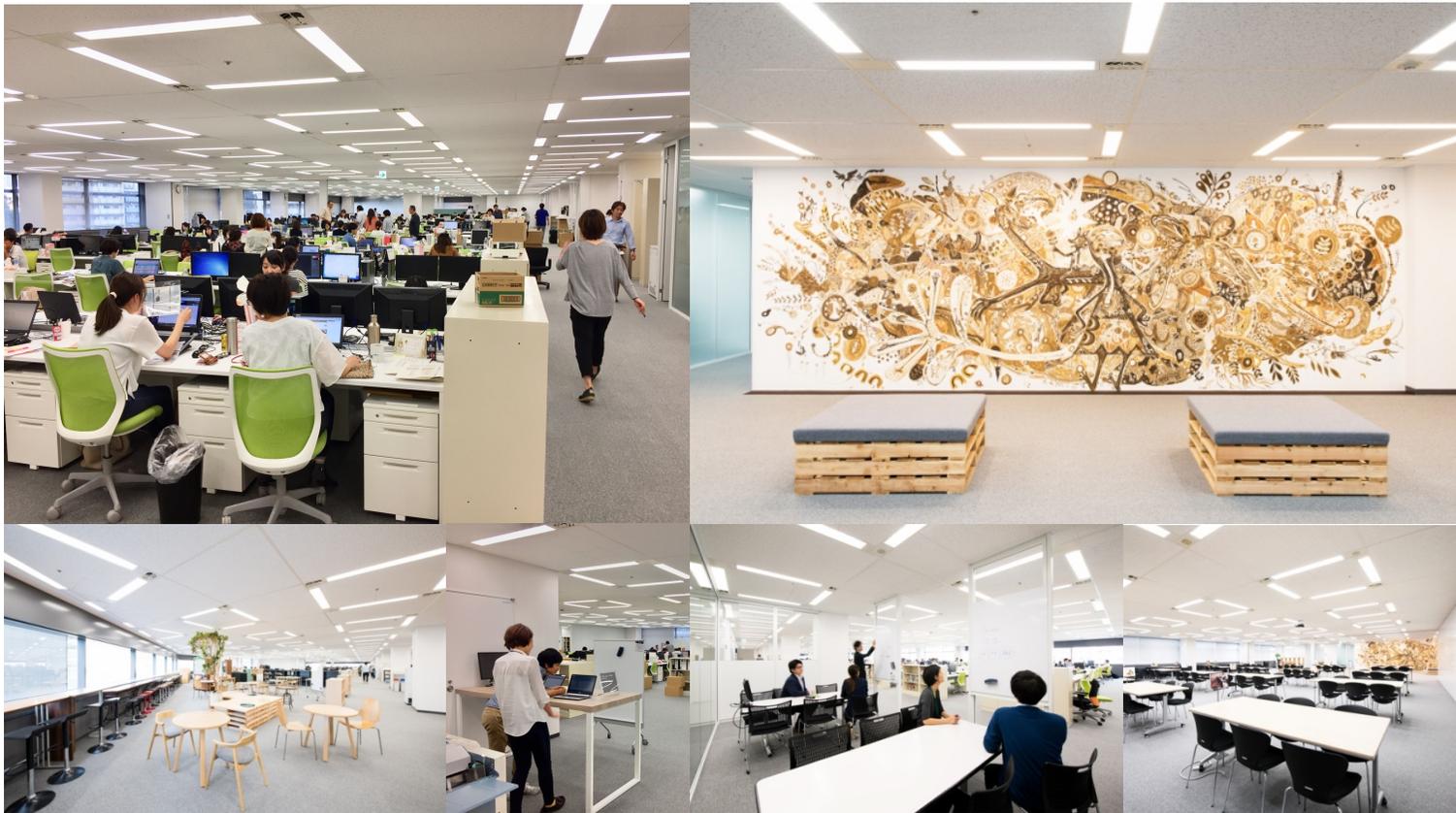
(1) Merger Status: Organizational/ Management Structure

Maintaining both the Oisix and Daichi wo Mamoru Kai brands. Back-office and functional aspects to be merged to enhance company's ability to drive forward.



(1) Merger Status: Office

Realization of an All-Staff-One-Floor office to promote a mutual understanding and productivity. Equipped with lounges and standing-room-only meeting rooms to boost job execution.



(1) Merger Status: Teamwork

Company-wide meetings to promote sharing of common business strategies and principles. To promote teamwork, company-paid programs implemented for employee social events.



(2) Status of Efforts to Secure Synergies

Home Delivery Business	Synergies	Effect	Progress
Marketing	<ul style="list-style-type: none"> Expanded customer market/ more efficient customer acquisition 	Boost to Oisix ARPU.	Non-food product menu composition within fiscal year. Full-fledged launch next fiscal year.
	<ul style="list-style-type: none"> Greater customer spend (baskets) with cross-selling of product 	DinO	Launched in April 2017. Two-fold sales increase since start.
	<ul style="list-style-type: none"> Rationalization of promotions with expertise sharing 	Efficiency of customer acquisition at Daichi wo Mamoru Kai to rise.	1H marginal profits improved by ¥170mn YoY.
Procurement & Production	<ul style="list-style-type: none"> Expansion of supplier networks 	Stabilization of supply. Mitigation of growth bottlenecks.	Realized in FY2017.
	<ul style="list-style-type: none"> Internalization of production 	Consolidation of production, CoGS benefit from economies of scale.	Regarding the production plants, discussions on-going with a mind toward optimization of logistics.
Delivery	<ul style="list-style-type: none"> Variety in delivery formats, such as Yamato Takkyubin, joint proprietary home delivery, non-contact delivery, etc. 	Increased convenience to benefit frequency of purchase and subscriber numbers.	Grasping customer needs, optimization of joint delivery routes, and trials planned for FY2017. Full-fledged implementation planned from FY2018.
Other Operations	<ul style="list-style-type: none"> Volume discounts with centralization of accounts. 	Cuts to packaging materials costs. Cuts to settlement commission costs.	Sequential implementation starting in FY2017. -Material costs (¥20mn) -Settlement related (¥30mn) -Back-office (¥10mn)

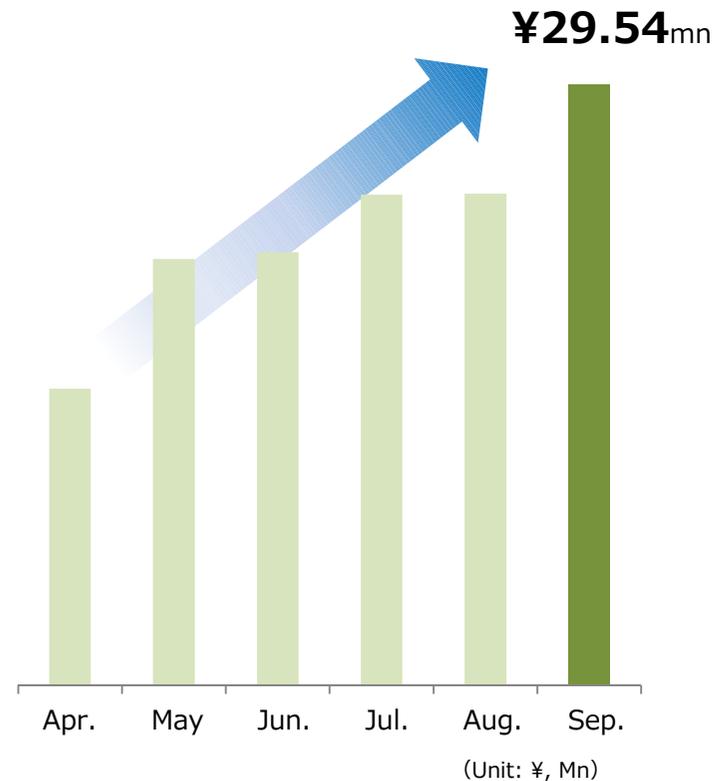
(2) Status of Efforts to Secure Synergies: DinO

Grand Opening on 27 July of special sales site for Daichi wo Mamoru Kai in Oisix.com! Low supplies of leafy products owing to weather offset with fruits allowing for steady sales growth.

■ Oisix.com Daichi wo Mamoru Kai Special Site



■ Sales trend post site launch



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(1) Real Business (Physical Stores/Wholesale)

“Oisix Crazy for Veggy - Atre Kichijoji” and “Daichi wo Mamoru Dining,” whilst contributing to brand penetration, were closed. Resources will be focused on likes of Shop in Shop, in-station, and other real possibilities.

■ Oisix Crazy for Veggy Atre Kichijoji



■ Daichi wo Mamoru Dining



Experience learnt from 2 stores applied actively throughout Company

■ Shop in Shop



×



■ In-station Stores

ecute

×



(1) Real Business (Physical Stores/Wholesale): Shop-in-Shop

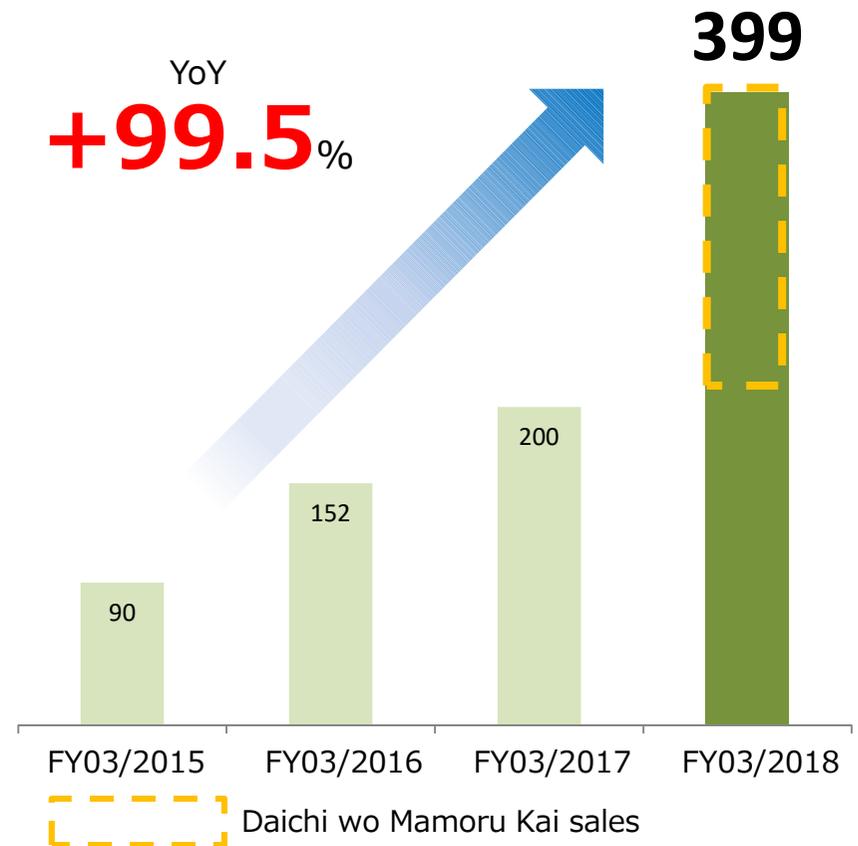
With the addition of Daichi wo Mamoru Kai, Sales were up **99.5%** YoY. New store locations secured at likes of Miuraya and Marusho So-honten. Looking to continue to expand.

■ Activities in FY03/2018



Oisix Corner Miuraya Coppice Kichijoji Store

■ Sales Trend (Unit: ¥mn)



(1) Real Business (Physical Stores/Wholesale): Shop-in-Station

Big shelf-space expansion for “Meal Kit” at Oisix’s new store format, the in-station shop “Ecute Omiya.” Serves the marginal needs of existing members and attracts new members.

■ Shelf space for Kit expanded!

■ Previous layout



(2) Overseas Business

Incorporated “Shanghai Aimube Food Trading Ltd.” in China in September. Services to Japanese expats to begin by end of year. Services to local Chinese to commence next year. Products meet same rigorous Japanese standards.

■ 1st: Initiation of Services to Japanese Expats by end of year.



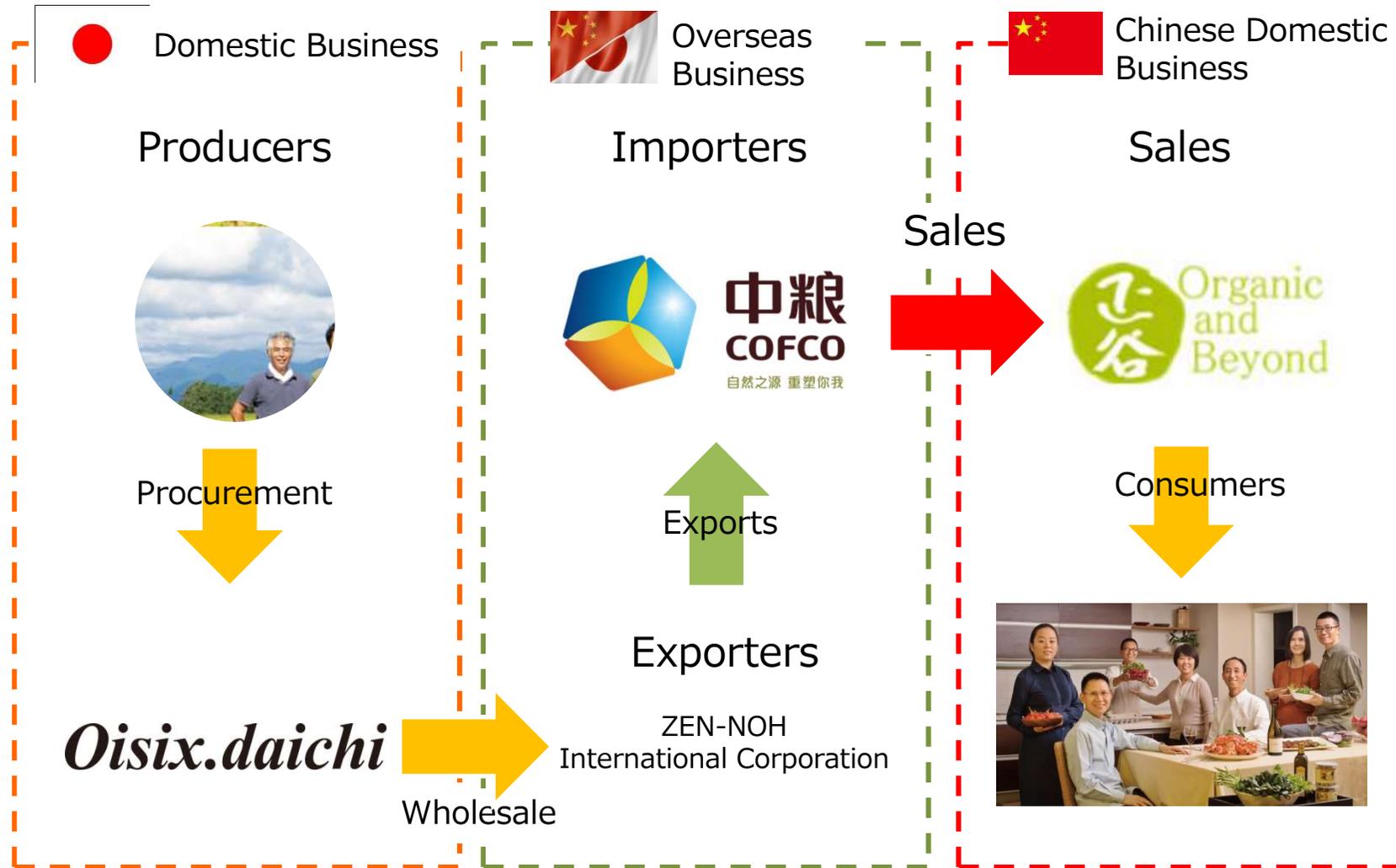
■ 2nd: Initiation of Services to local Chinese next year.



Oisix.daichi

(2) Overseas Business

Ahead of Entry into China, besides local procurement activities, exports of rice from Japan initiated



(3) Novelty Business

Expansion of New Customers! Honda Cars Chubu/Tohoku, Order for novelty versions of KK Meiji's long-seller "Kinoko no Yama."

■ Honda Cars Chubu/Tohoku



Gift of two Vegeel beverages for customers test driving and/or considering purchase.

■ Meiji Co., Ltd



Oisix products presented to 1500 winners of a lottery of random applicants.

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Tokushimaru: Expansion of Mobile Sales Platform Infrastructure for “Shopping Refugees”

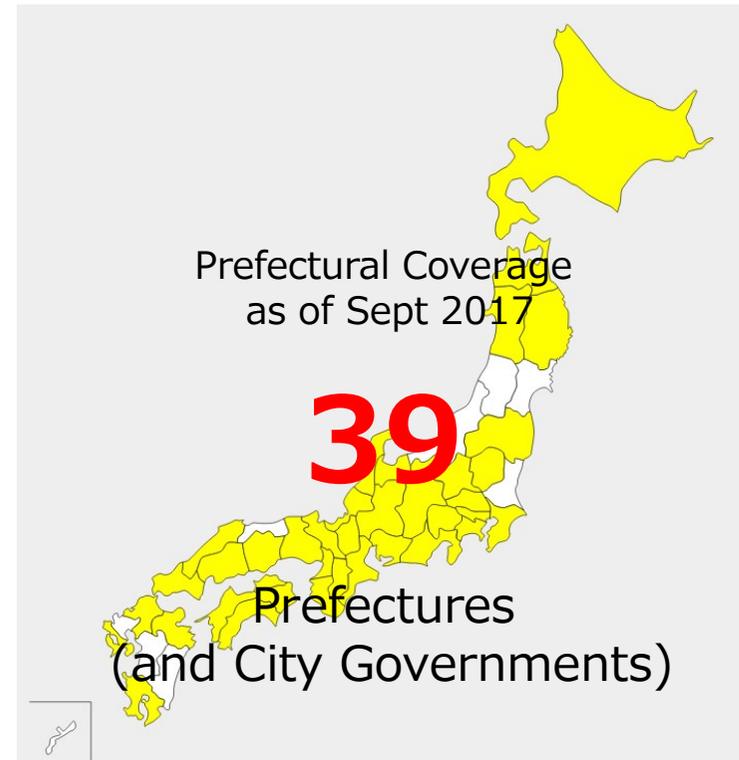
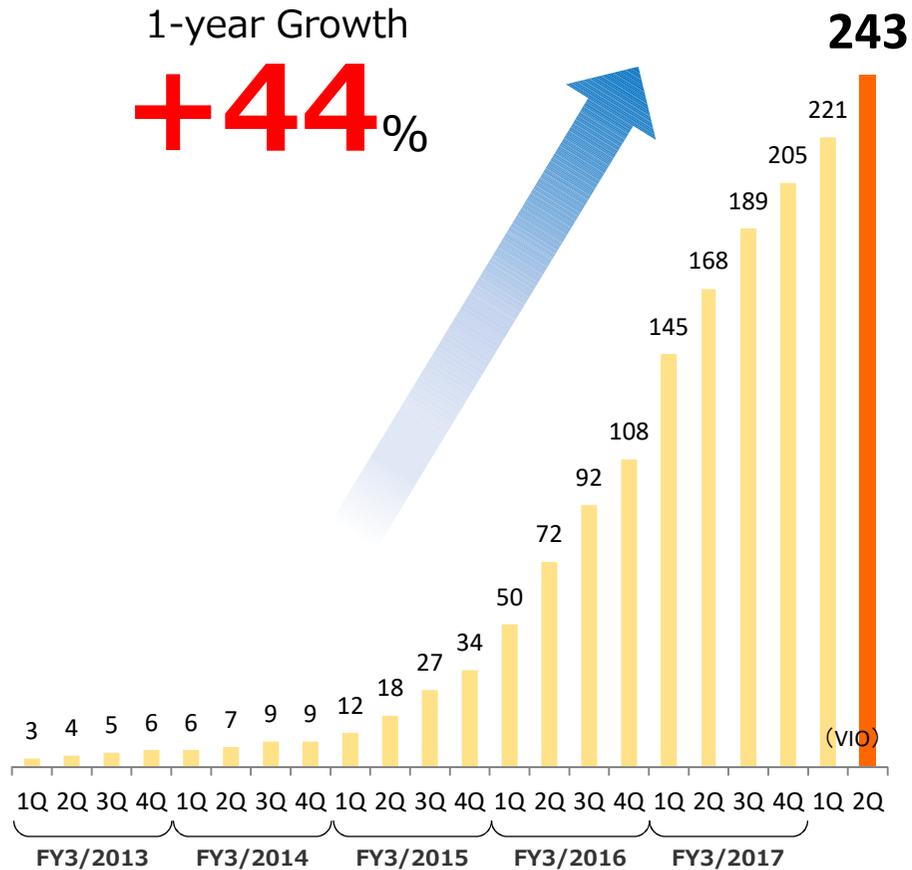
Tie-ups with major supermarkets Inageya and Comodi Iida !
Combined store count of 218 (mainly in the Kanto Region).
More recently, we started tie-ups with 7 other supermarkets!



- Accelerated growth – **500** vehicles by end FY03/2019
- Promote an operating environment where sales partners can thrive.

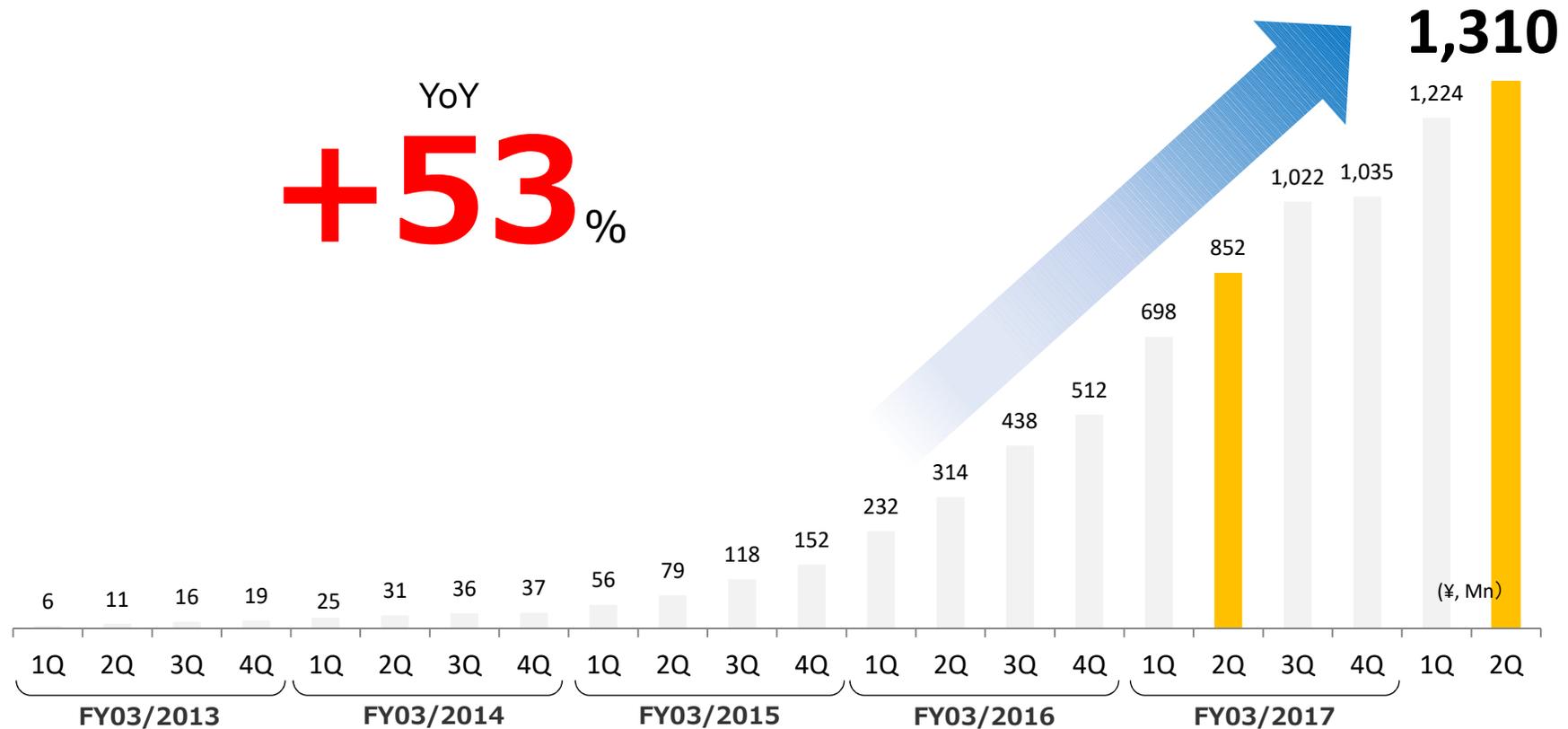
Tokushimaru: Number of Vehicles in Operation (VIO)

Reflecting support in management and staffing post becoming a subsidiary, VIO in 1-year were +75 or **+44% YoY**



Tokushimaru: Aggregate Transaction Value

On the back of solid VIO growth, aggregate transaction value (※) in FY03/2018 2Q was **+53% YoY** to **¥1.31bn.**



※ Aggregate Transaction Value = Total Product Sales (Company Sales = Royalty per Vehicle)

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Toward the
Building of a
New Produce
Logistics
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TOPICS: On Building a New Produce Logistics Network

- 1. Producer Support for GAP Accreditation**
- 2. Support Law for Enhancement of Agricultural Competitiveness**
- 3. Strengthening of Relations with Agricultural Cooperatives (JA)**
- 4. Initiation of Joint R&D with Yamato Transport**

Support to Producers for GAP Accreditation

Production management app released in limited areas. Ahead of full-fledged launch, invitation for test users initiated. Support for GAP accreditation scheduled to begin in the current fiscal year with full launch scheduled next year.



Awarded Certification under “Support Law for Enhancement of Agricultural Competitiveness”

The merger of Oisixi and Daichi wo Mamoru Kai is seen to advance rationalization in distribution and increased productivity. Oisix.daichi is the first to win certification under the new Support Law for Enhancement of Agricultural Competitiveness.

農林水産省

English キッズサイト サイトマップ 文字サイズ

標準

大きく

プレスリリース

オイシックスドット大地株式会社の農業競争力強化支援法に基づく事業再編計画の認定について

ツイート

いいね! 2.9万

印刷

平成29年9月21日

農林水産省

農林水産省は、オイシックスドット大地株式会社(法人番号:6010701012329)から提出された「事業再編計画」について本日付けで認定を行いました。なお、本計画は、本年8月に施行された農業競争力強化支援法に基づく最初の「認定事業再編計画」となります。

1.事業再編計画の概要

オイシックスドット大地株式会社は、平成29年10月1日に株式会社大地を守る会(法人番号:4040001010271)と合併し、
(1)インターネット販売等に係るマーケティングのノウハウ等の共有による販売促進の強化や顧客利便性の向上、生産者の販売機会の拡大
(2)消費者のニーズの多様化に応じた付加価値商品の開発・生産・販売を通じた生産者の経営の安定・発展
(3)サプライチェーンで共通する部分の共有や効率化による利益率の向上
などを実現し、成長市場における高付加価値サービスの提供により、食品を通じてより良い社会への更なる貢献の推進を目指します。

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Strengthening of Relations with Agricultural Cooperatives (JA)

Allows expansion in procurement and enhancement of product development.
A 2.2-fold increase in transaction value!

Merits to Oisix.daichi

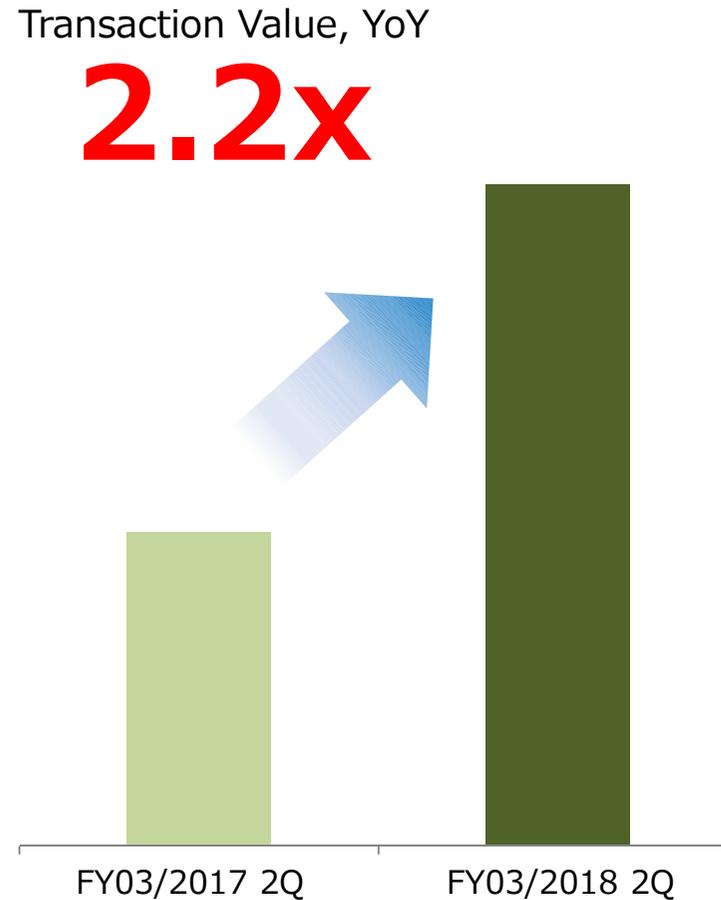
- Stable procurement of products meeting Oisix standards
- Access to high-quality products using state-of-the-art equipment
- Development of processed agricultural products

Merits to JA and/or JA Member Producers

- Access to new sales channels, efficient use of production equipment
- Owing to direct transactions, pricing not affected by markets allowing for planned production

Actual Examples

- JA Aoren Beverage Products
- JA Iwate Chuo Apples
- JA Sakuasama Zucchini, Green Beans
- ZEN-NOH Foods Co., Ltd. • Frozen Products
• etc.



Initiation of Joint R&D with Yamato Transport

Launch of “Vegi-Neko” project combining Yamato Transport’s shipping network and Oisix.daichi’s producer network. A solution to challenges of fresh produce logistics.



Trials begun in Yamagata. Trials to be expanded to Miyazaki in Jan 2018!

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