



FY2019/3 2QResults Explanatory Materials

Oisix ra daichi Inc
2018.11.20

- 1. FY3/2019 2Q Achievements**
- 2. Results Forecast Revisions**
- 3. About Our Subscription Model**
- 4. Topics in Addressing Food-related Issues**
- 5. APPENDIX・DATA SHEET**

1. FY3/2019 2Q Achievements

1H Highlights

Note) Radish Boya figures are for 7 months, March to September, to reflect a change in fiscal year end.

Sales

31.72bn yen
(YoY **+67.5%**)

EBITDA
※1

1.51bn yen
(YoY **+138.1%**)

Operating Profit

1.11bn yen
(YoY **+369.5%**)

Net income
Attributable to
owners of the
parent

0.89bn yen
(YoY **+856.2%**)

Home Delivery Business

Oisix

Sales

13.76bn yen
(YoY **+20.0%**)

Marginal profit

1.94bn yen
(YoY **+39.6%**)

DWMK
※2

Sales

5.44bn yen
(YoY **-0.9%**)

Marginal profit

0.96bn yen
(YoY **-10.9%**)

Radish Boya

Sales

9.92bn yen
(YoY **— %**)

Marginal profit

1.76bn yen
(YoY **— %**)

Other Business
※2

Sales

2.75bn yen
(YoY **+27.4%**)

Marginal profit

0.29bn yen
(YoY **-24.3%**)

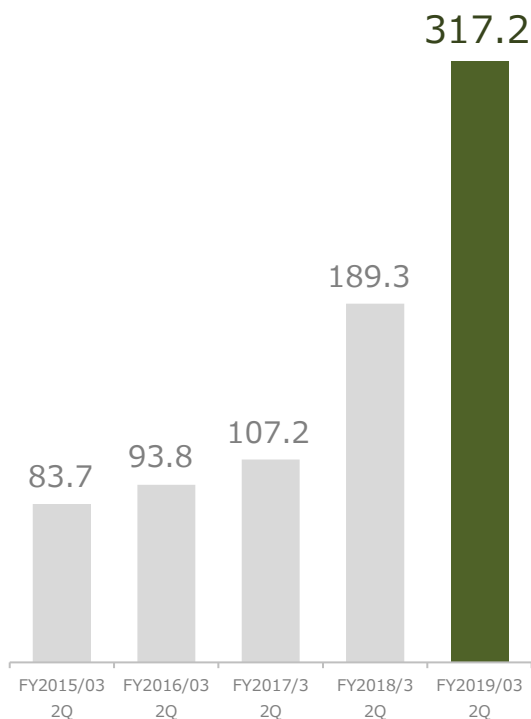
Consolidated Results Overview

Note) Radish Boya figures are for 7 months, March to September, to reflect a change in fiscal year end.

Both sales and operating profit, EBITDA set new record highs

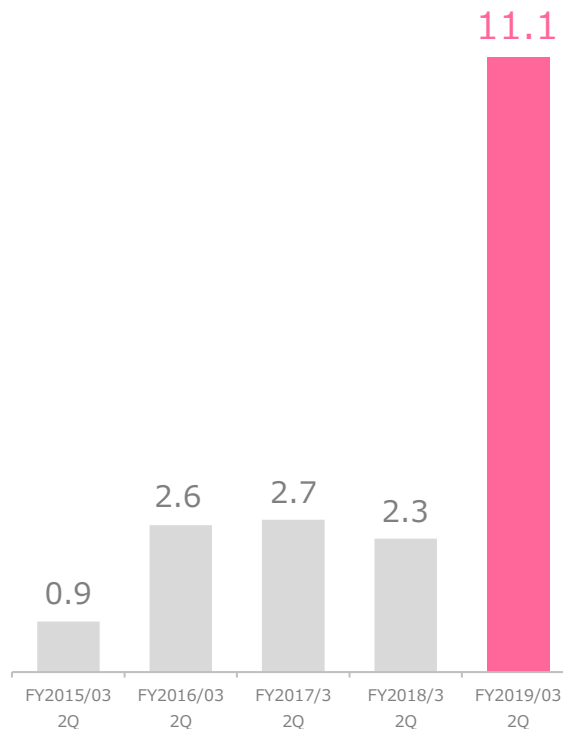
■ Sales

31.72 bn yen
(YoY **+67.6%**)



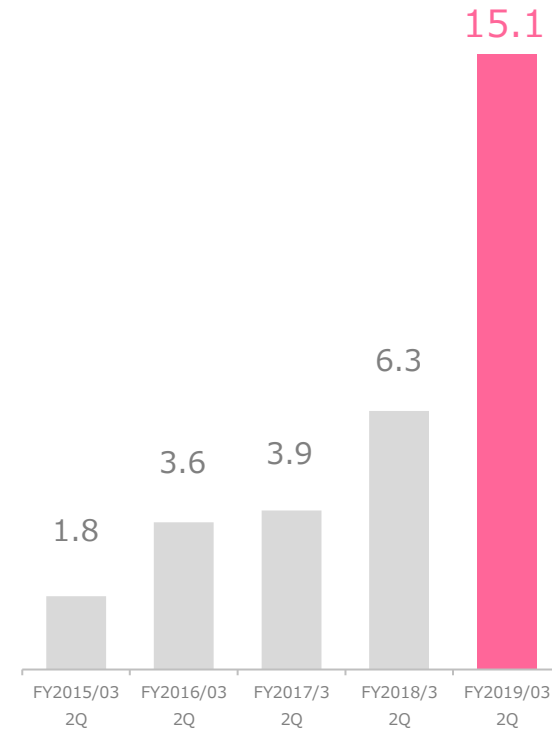
■ Operating Profit

1.11 bn yen
(YoY **+369.5%**)



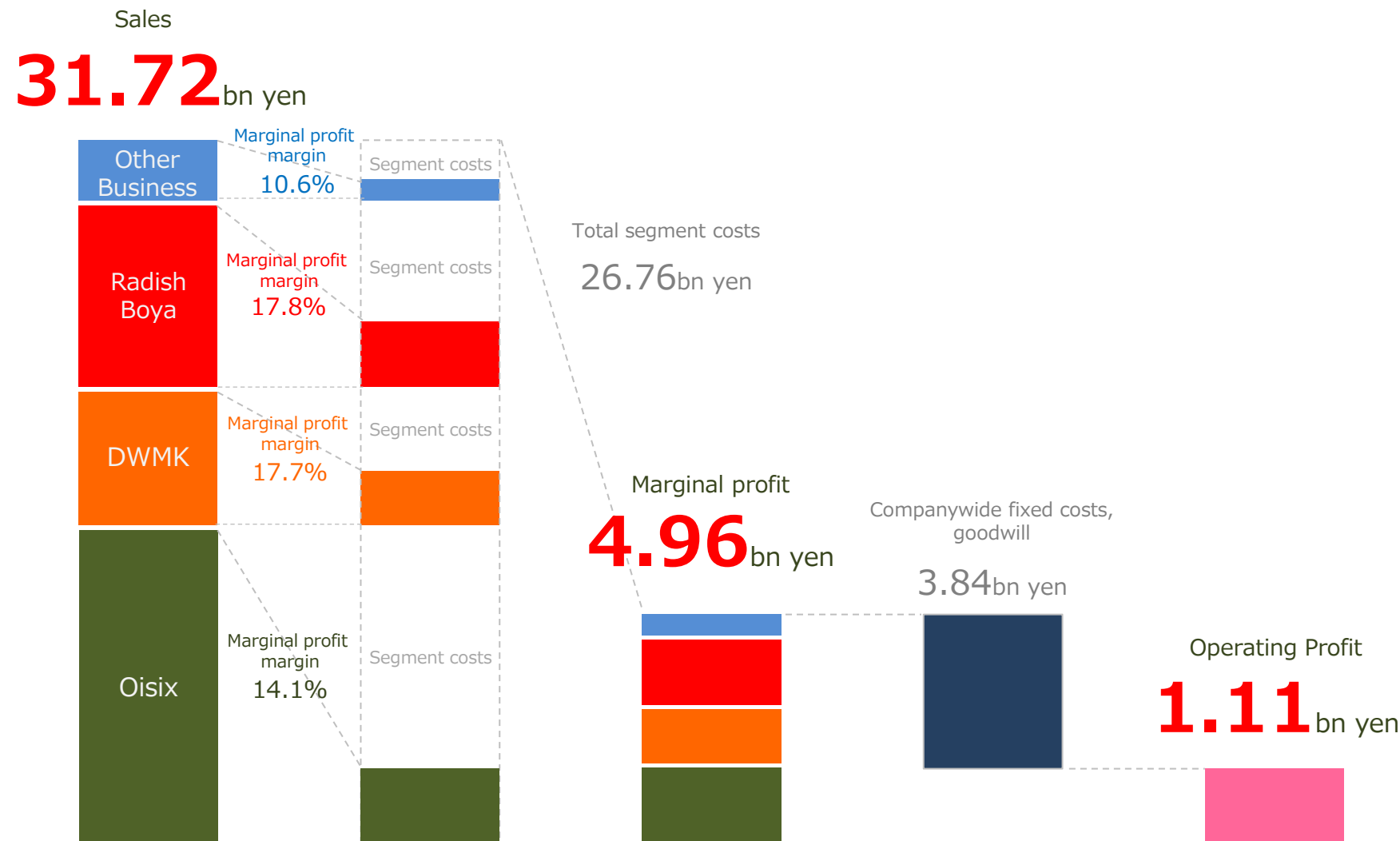
■ EBITDA

1.51 bn yen
(YoY **+138.1%**)

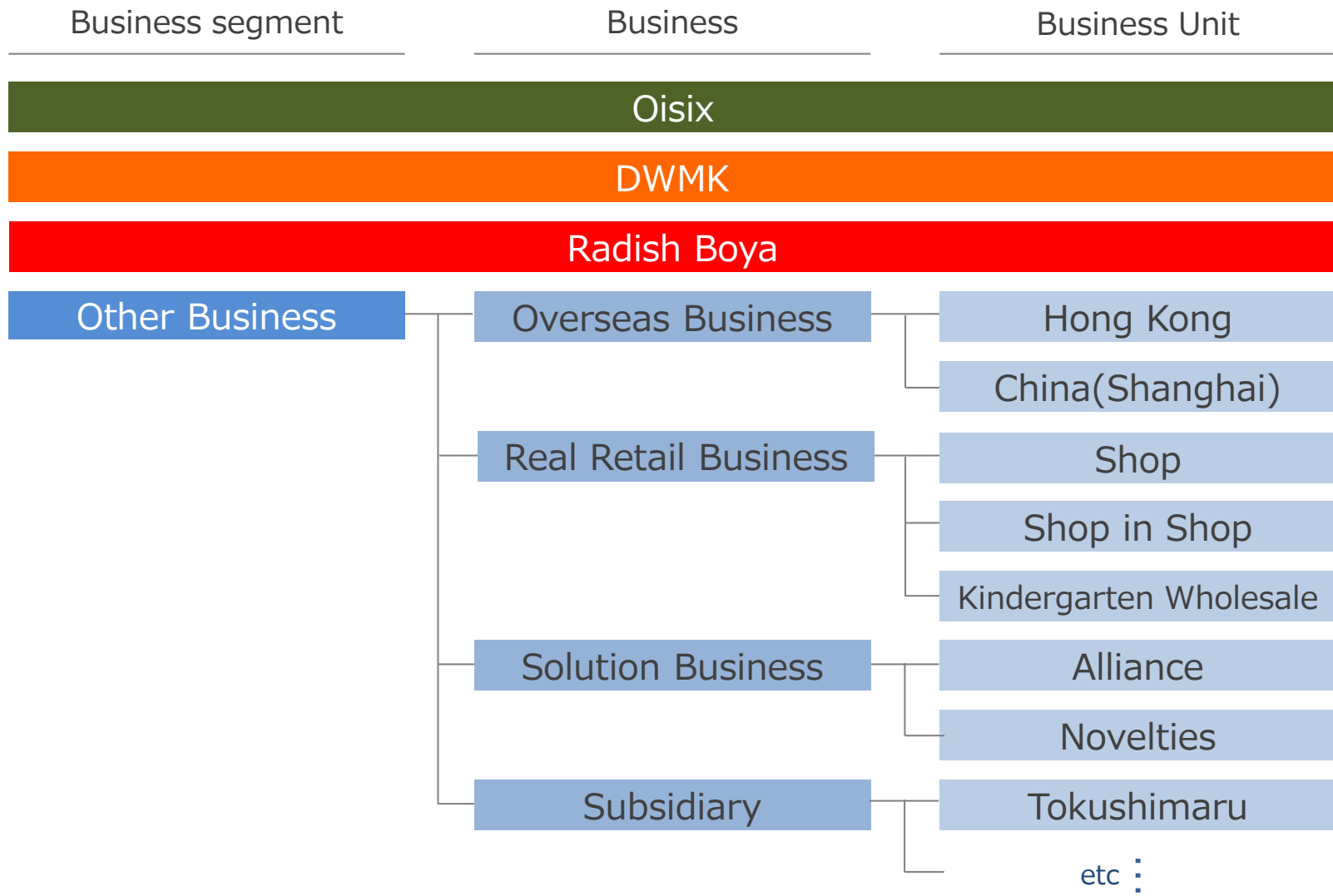


Business segment Results Overview

Note) Radish Boya figures are for 7 months, March to September, to reflect a change in fiscal year end.



Overview of Business Segments



Oisix KPIs

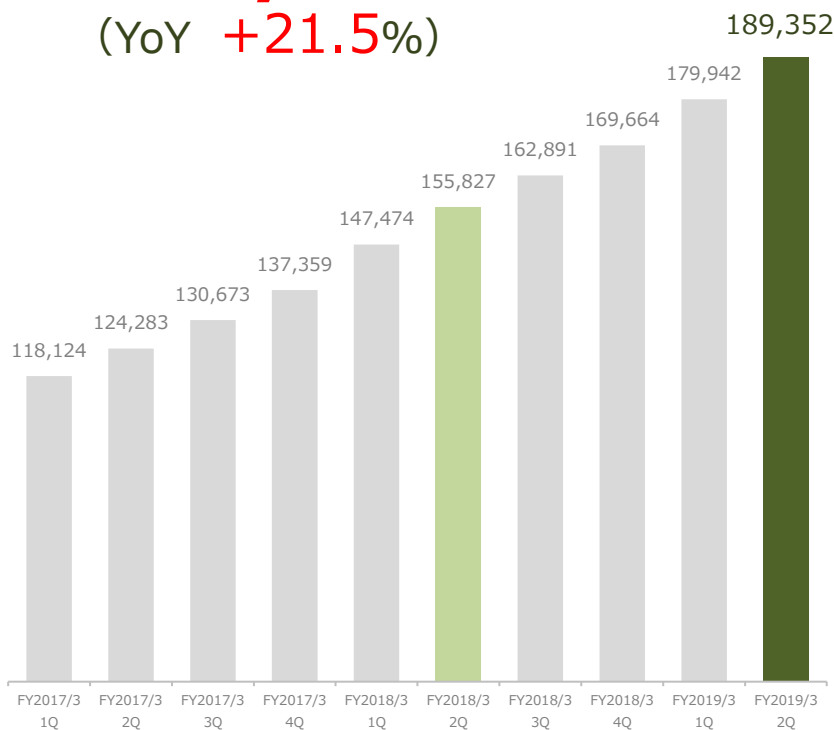
Number of subscribers: Thanks to steady growth driven mainly by measures mapped out in Kit Oisix plans, we achieved our initial business performance plans by the end of 2Q.

ARPU: Increased slightly due to rising unit prices, despite a decrease in frequency as numbers of light users rose

■ Number of subscribers

189,352

(YoY +21.5%)

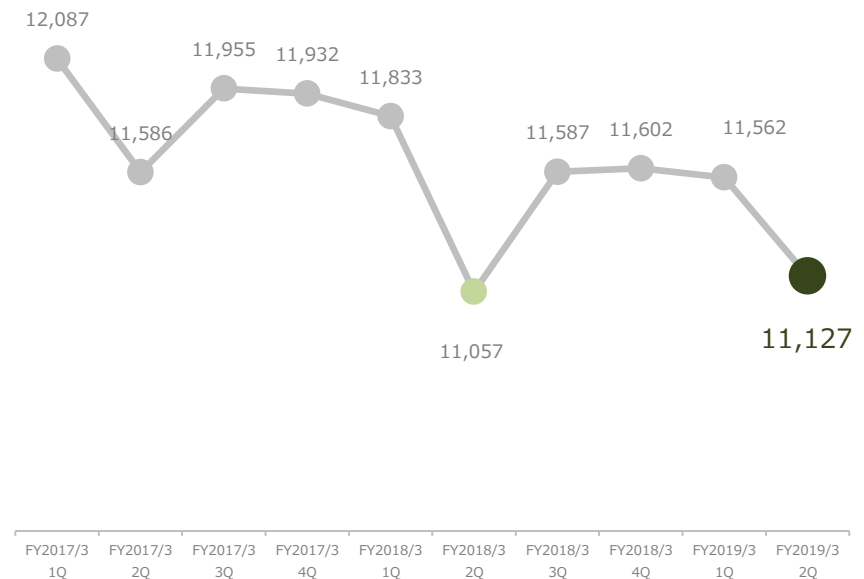


■ ARPU

11,127

 yen

(YoY +0.6%)



Oisix Topics

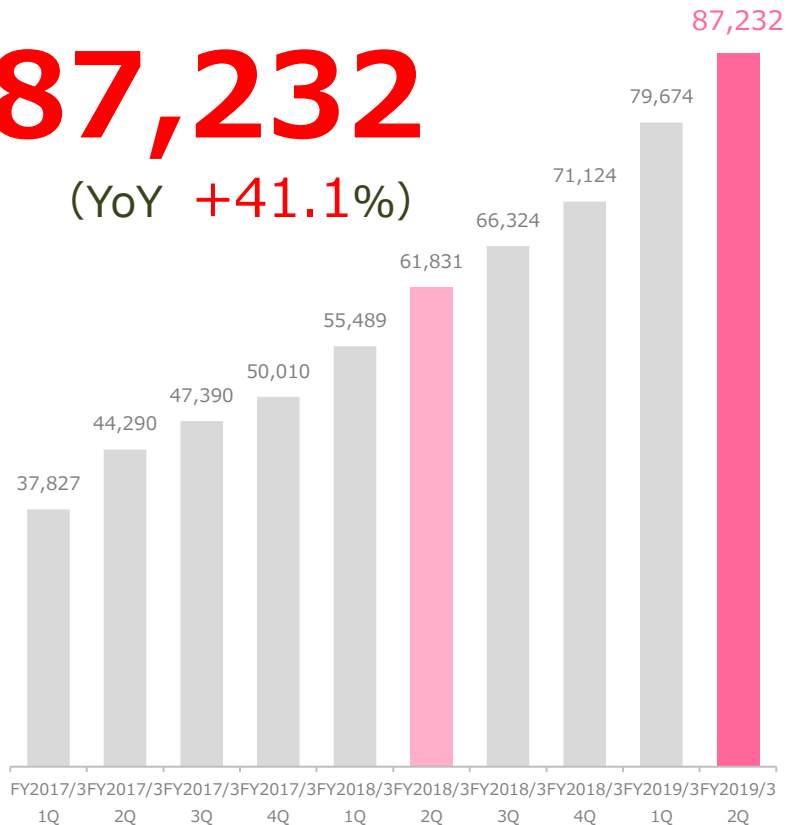
Cumulative shipments of Kit Oisix surpassed **28 million meals!**

■ No. of kit course subscribers

(Includes Oisix subscribers)

87,232

(YoY +41.1%)



■ Feature of Kit Oisix

1

Delivers volumes/quantities of food suitable for a given family size. Allows preparation of the main dish and side dish in 20 minutes.



2

All menus contain five or more types of vegetables and reflect consideration for well-balanced nutrition.



3

Uses only safe, reliable ingredients
from farmers and manufacturers
under contract to us.



Oisix Topics

Proposing a diverse range of menus and implementing tie-ups with various individuals and media

Raising awareness of Premium Jitan concept through increased media exposure



■ “Kit Oisix even father can prepare,” supervised by Ken Watabe



■ “Kit Oisix Halloween Dinner”



■ “Final Curry,” a kit developed in collaboration with culinary researcher Jinsuke Mizuno to create the most delicious home-made curry dish



■ “Iijima’s Pork Miso Soup,” a kit developed in collaboration with the film “Midnight Diner”

DWMK KPI

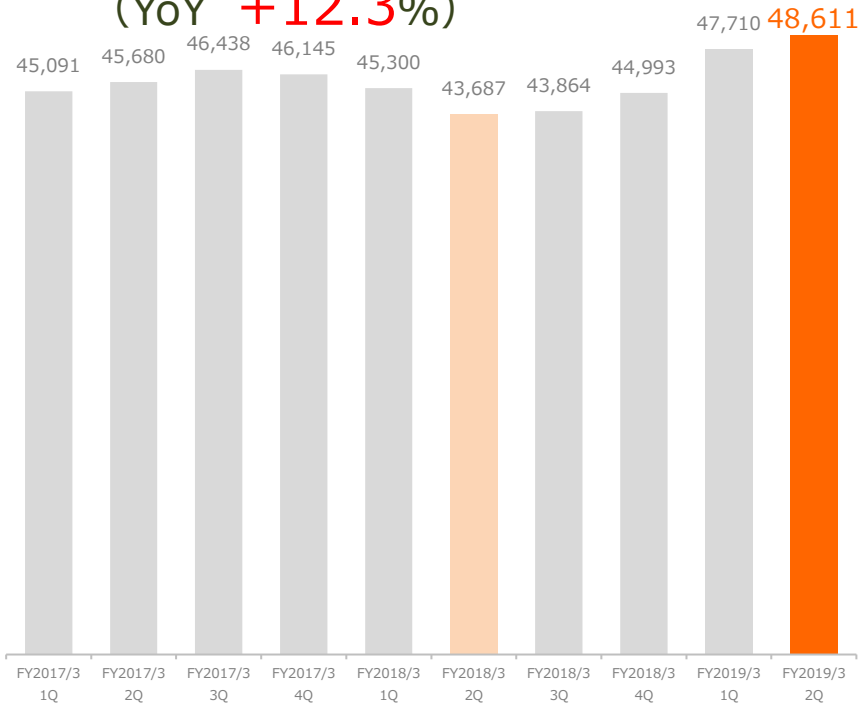
Number of subscribers: Customer recruitment through Instagram and other channels has grown.

ARPU: Advances in bipolarization of purchasing behavior resulted in lower average purchasing frequency and decreased ARPU.

■ Number of subscribers

48,611

(YoY +12.3%)

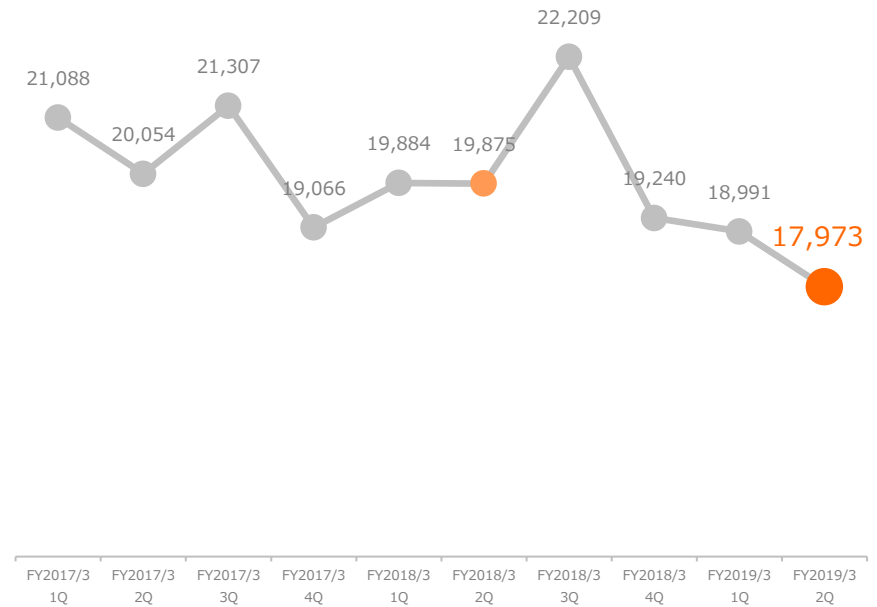


■ ARPU

17,973

 yen

(YoY -9.6%)



DWMK Topics

Increasing the number of pages in the product catalog
Increasing revenue per purchase through the results of a catalog
with a product lineup for gala events.

■ Measures intended to increase price per catalog order



Tsucione, the DWMK product catalog
40pages



Expanded the number of pages
in the product catalog
since July.
Added a removable pamphlet as
an insert to the product catalog,
Tsucione.
Each pamphlet features a special
theme, introducing a product
lineup that adds value
to everyday meals, by focusing
on topics like direct shipment
from producers and careful
product selection,
for more appealing products
clearly differentiated from
ordinary products and contribute
to adding to revenue per
purchase.

Radish Boya KPI

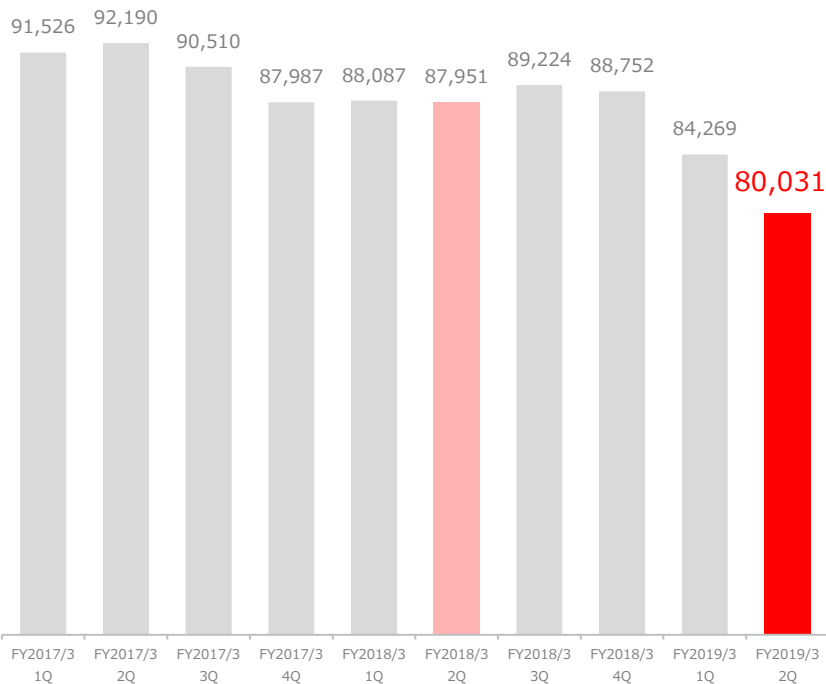
Number of subscribers: Continued efforts from 2Q to focus on attracting subscribers through highly effective channels

ARPU: Increased due to rising revenue per purchase, thanks to efforts promoting seasonal ingredients and other measures

■ Number of subscribers

80,031

(YoY -9.0 %)

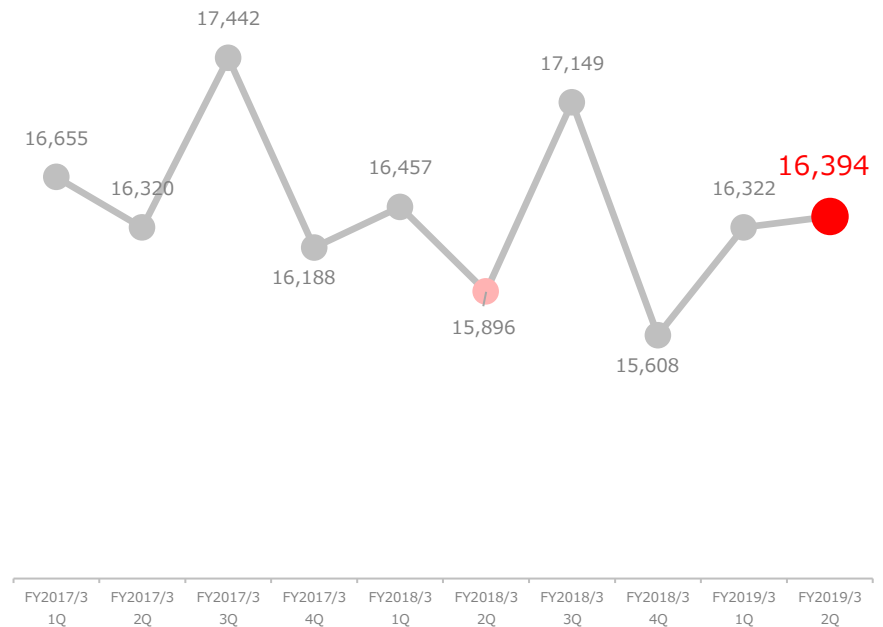


■ ARPU

16,394

(YoY +3.1%)

Note: Starting with this document, the ARPU for Radish Boya was revised to use numerical figures consistent with the definitions used to calculate ARPU for the other two brands. See p. 53 for details



Radish Boya Topics

Revenue per purchase increased due to a seasonal beverage promotion and telephone follow-up on the revisions to delivery charges planned for November, along with proposing products delivered regularly.

■ Beverage promotion



Promoted sales of beverages for which unit prices can be higher in summer. This contributed significantly to revenue per purchase, thanks to performance much stronger than last year, due in part to unseasonably warm weather.



■ Telephone follow-up to encourage subscribers to agree to regular deliveries

In addition to providing information on delivery charge revisions,



Proposing optimal shopping

Providing information on products eligible for regular delivery

- ◆ Notifying subscribers of changes in delivery charges
- ◆ Increasing revenue per purchase by increasing contracts for regular product delivery

Other Business : Overseas Business

Hong Kong: Strengthening approach to Japanese customers residing in Hong Kong
China: Interviewing users with frequent purchases,
exporting Japanese products on a trial basis

■ Oisix Hong Kong

Local service launched in 2009.

In 2Q, by strengthening our approach to Japanese customers residing in Hong Kong, we expanded subscriber rolls while maintaining revenue per purchase.



■ Oisix Shanghai

Service launched in November 2017.

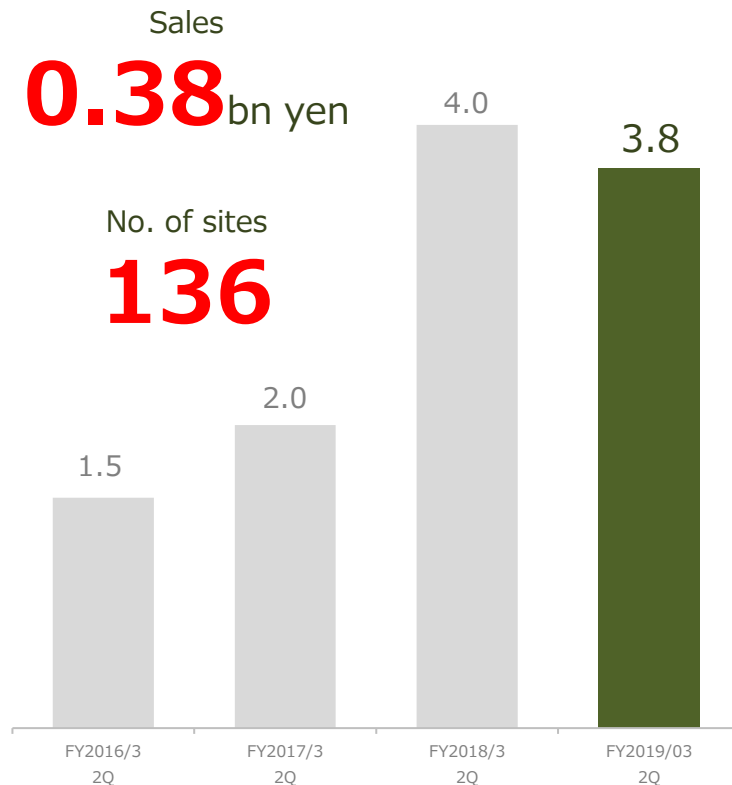
In 2Q, we interviewed users with frequent purchases about their needs to establish a stable business model. We also implemented trials in preparation for exporting high-quality Japanese products for sale in China.



Other Business : Real Retail Business

■ Shop in Shop

While sales declined overall due to the withdrawal of unprofitable accounts, a Shop in Shop under the Radish Boya brand was added.



Other Business : Real Retail Business

■ Shop

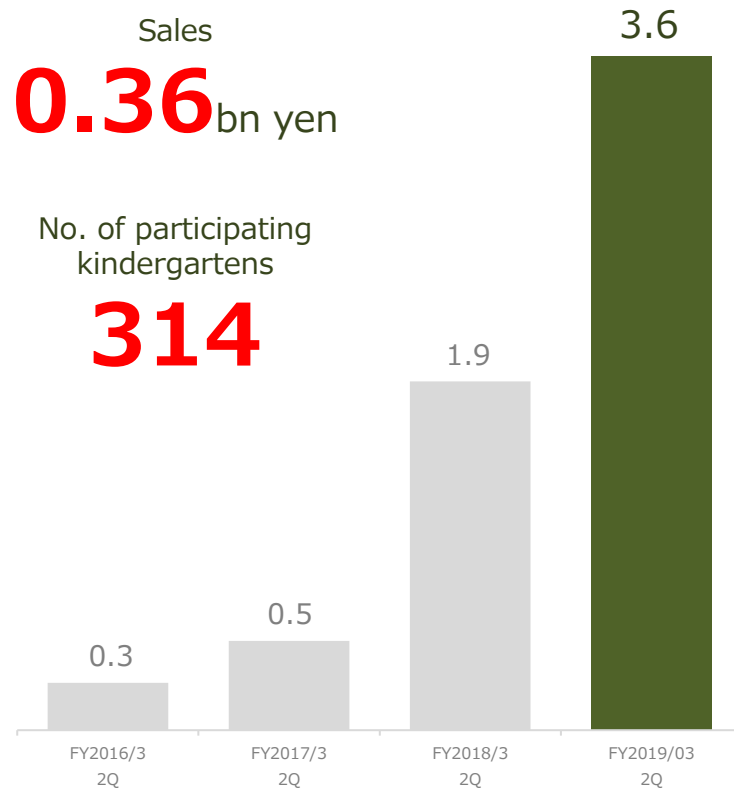
Shop specializing in Kit Oisix sales opened in Shin-Koshigaya on August



Other Business : Real Retail Business

■ Kindergarten Wholesale

Sales grew with steady growth in new customers.



Other Business : Solution Business

Drawing on our expertise with **subscription-based EC and high-quality produce and meal kits** to expand alliances and projects involving novelty items.

■ Alliances

Steady progress on alliances with Isetan Door, Vitality, and others

◆ EC support for Isetan Door



◆ Partnership with Sumitomo Life's Vitality



■ Novelties

Providing a jointly developed Kit Oisix product to buyers of Rinnai gas appliances

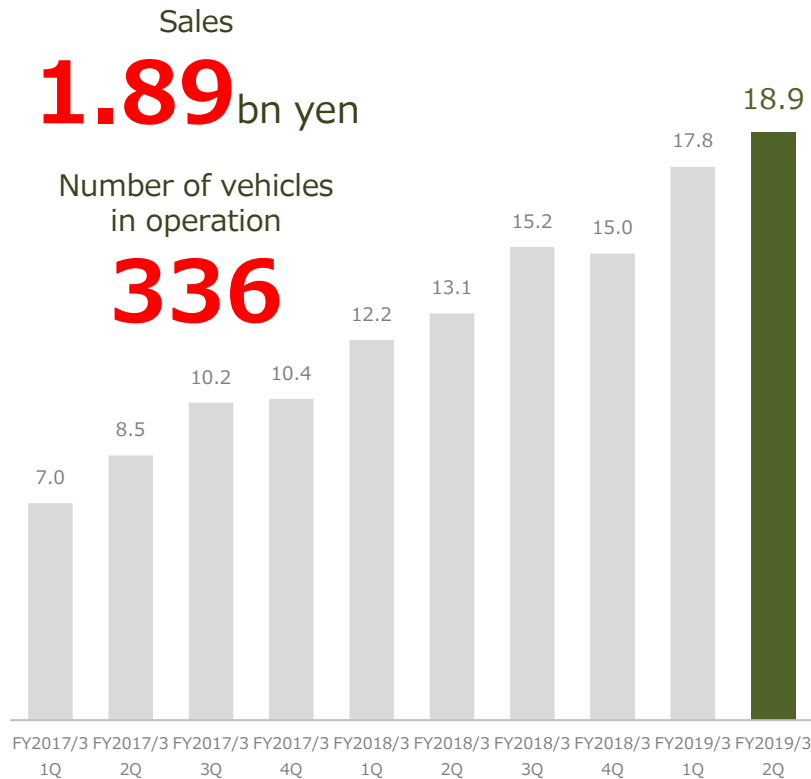
◆ Collaboration with Rinnai's DELICIA



Tokushimaru

Steady growth in transaction value, no. vehicles in operation, and prefectures served. Number of vehicles in operation has surpassed 330, and number of subscribers of affiliated supermarkets has surpassed 100.

Transaction Value & Number of Vehicles in Operation



Affiliated Supermarkets

Number of affiliated supermarkets

101



2. Results Forecast Revisions

Highlights of Results Forecast Revisions

Note) Radish Boya figures are for 7 months, March to September, to reflect a change in fiscal year end.

Sales were revised up by **4.9%** and operating profits by **50.0%**. Plans for the second half call for office integration and investing in the development of computer systems and other shared infrastructure as well as in expenses associated with growth in the next year.

	Initial forecast		Revised forecast	Change	%
Sales	61.00bn yen	▶	64.00 bn yen	+30.0bn yen	+4.9%
Operating Profit	1.20bn yen	▶	1.80 bn yen	+6.0bn yen	+50.0%
EBITDA ※1	2.00bn yen	▶	2.60 bn yen	+6.0bn yen	+30.0%
Net income Attributable to owners of the parent ※2	0.90bn yen	▶	1.50 bn yen	+6.0bn yen	+66.7%

※2 Net income for this fiscal year reflects reductions in income tax due to losses carried over by Radish Boya.

2Q Target Achievements

Note: Radish Boya's results in March 2018 were deducted from the revised forecast and the 2Q results.

Even after deducting Radish Boya's results in March 2018, we made **steady progress on both sales and operating profits.**

	Revised forecast	2Q Results		Achievement Rate
Sales	62.40bn yen	30.12bn yen	▶	48.3%
Operating Profit	1.73bn yen	1.04bn yen	▶	60.1%
EBITDA ※	2.53bn yen	1.44bn yen	▶	56.9%
Net income Attributable to owners of the parent	1.43bn yen	0.82bn yen	▶	57.3%

3. About Our Subscription Model

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.

Changing Societal Consumption Patterns

As consumer goals change from ownership to use as needed, various businesses are setting their course to subscription models

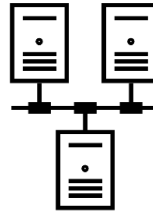
Private vehicles



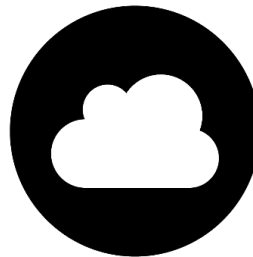
Car sharing



Servers



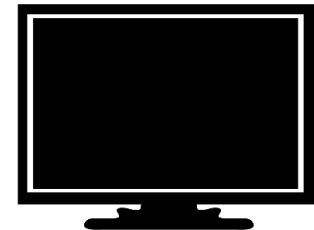
Cloud



Streaming video



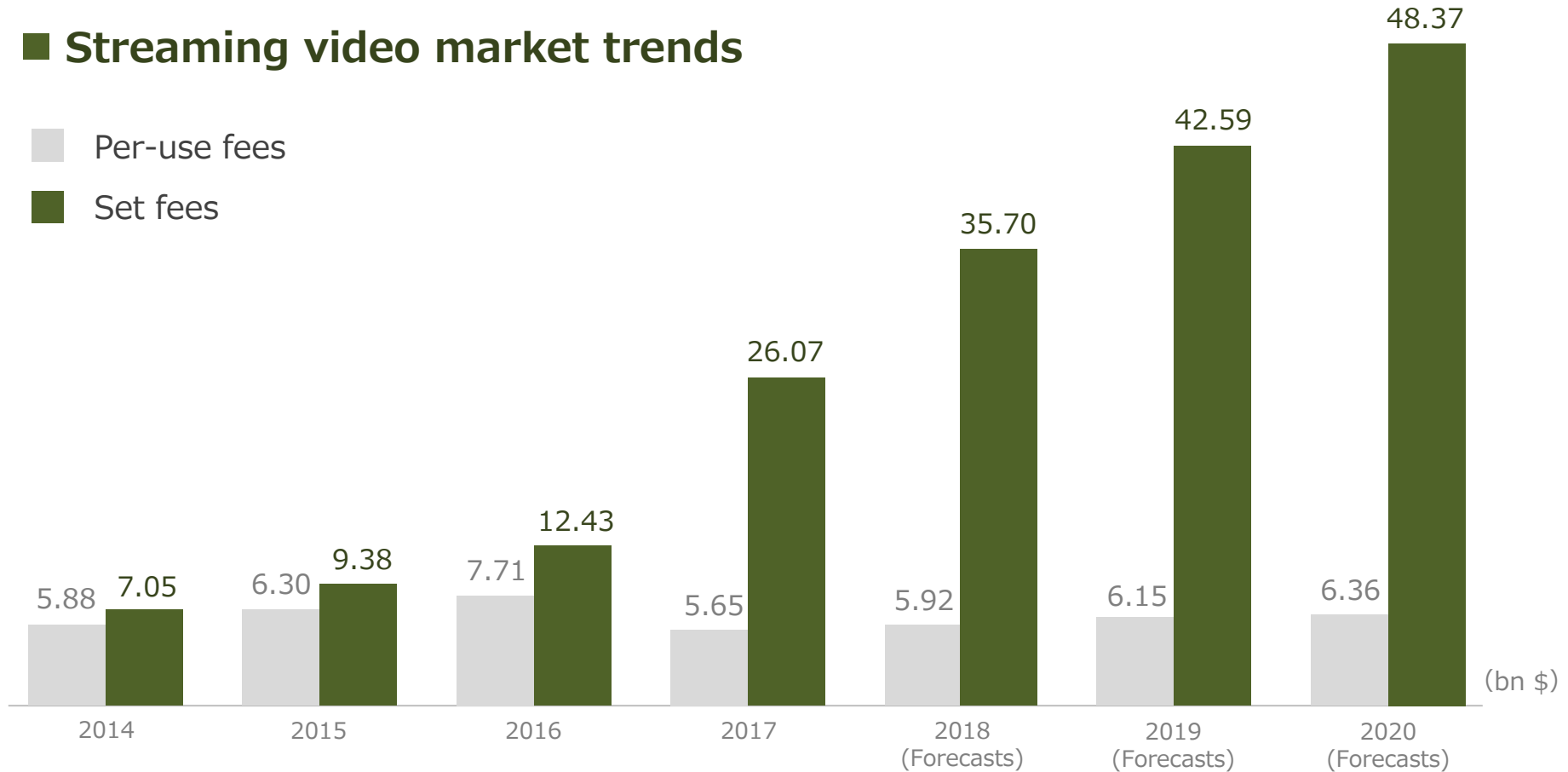
On-demand video



Trends and Forecasts in Global Streaming Video Market

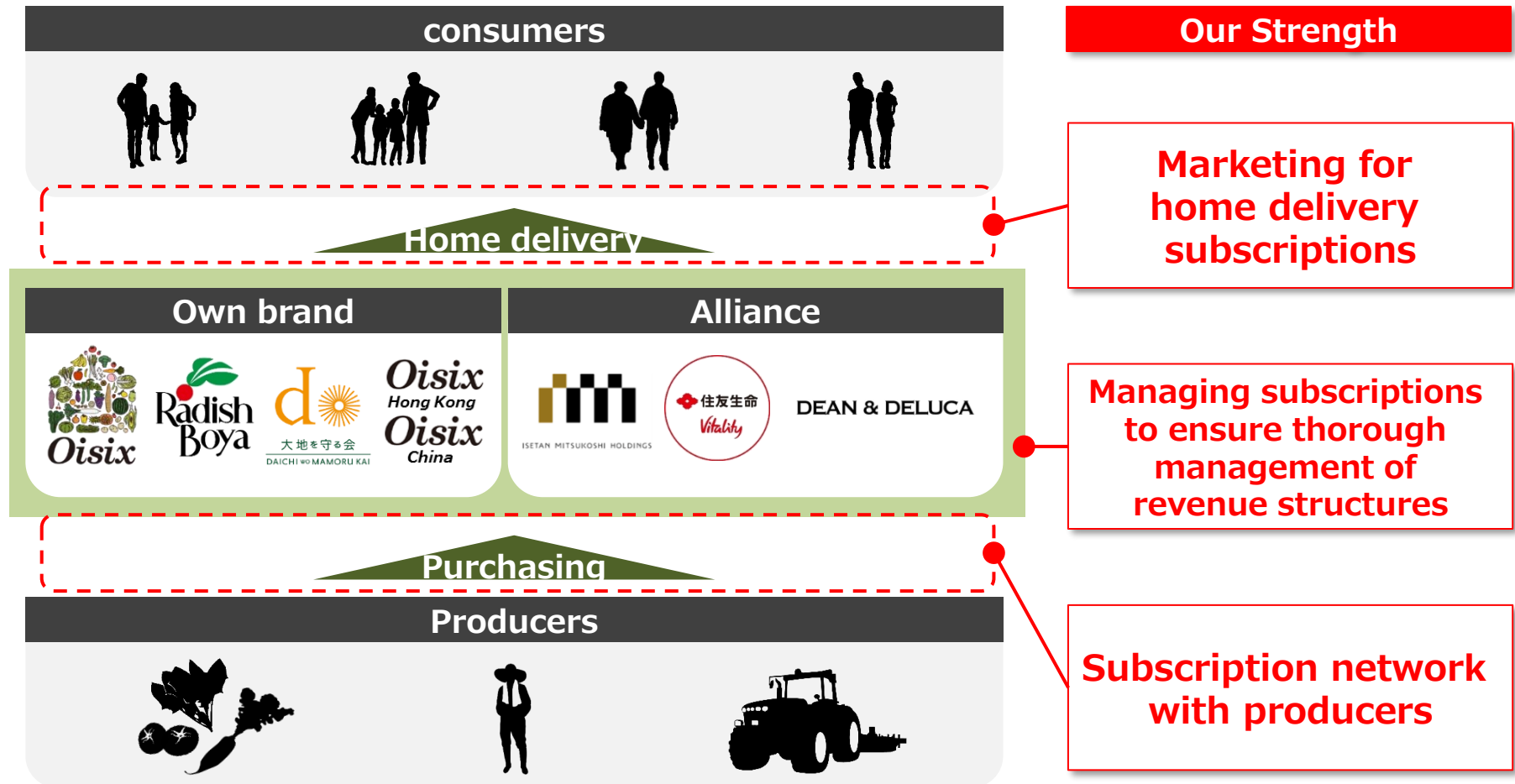
Subscription sales in the streaming video market grew rapidly in FY2017. This rapid growth is expected to continue.

■ Streaming video market trends



Our Subscription Model

Expanding our business areas to include alliances and marketing support for other companies based on subscription model strengths in our three home delivery brands.



What Our Three Brands Deliver

Based on the distribution of safe, reliable food products, each of our three brands delivers products tailored to the lives and values of our customers.

Working mothers with
small children



Meals that can be boasted
without taking time



Mothers focusing on
the home and children



Self realization
through Cooking



Senior women in two-
person households



Healthy daily living



Producers

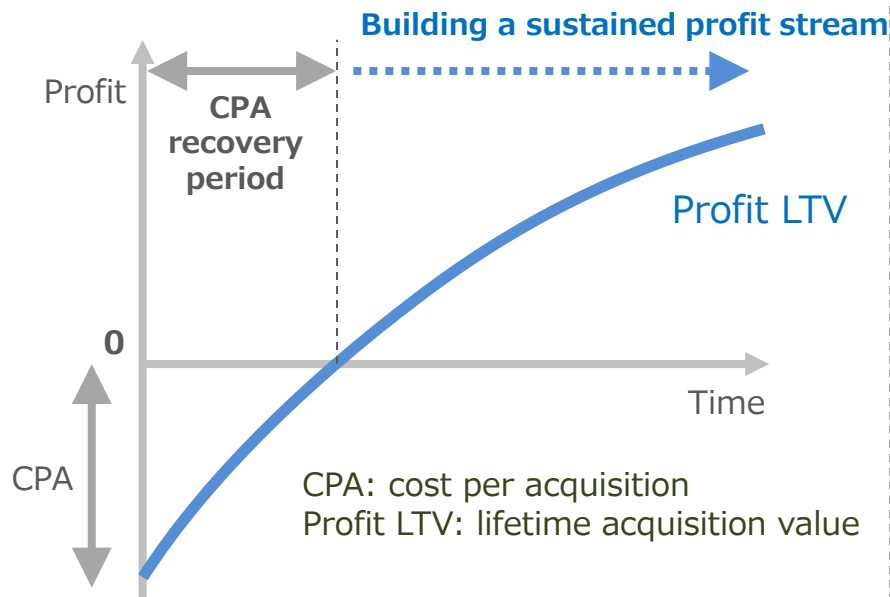


Subscription Management

Building a subscription model that generates sustained profits through rapid returns on investment to secure new customers and rigorous management of per delivery revenue and expenditures

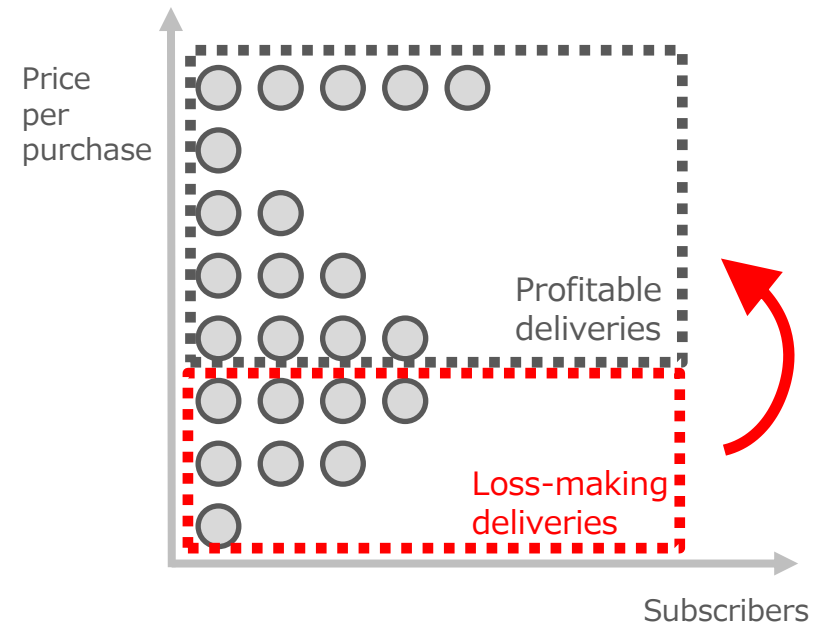
■ Rigorous CPA and LTV management

Setting a period to recoup CPA and rigorously managing CPA within this range



■ Rigorous management of unit revenues and expenditures

Making percentages of loss-making deliveries visible for each unit and reducing them structurally



The KPIs that make up profit LTV

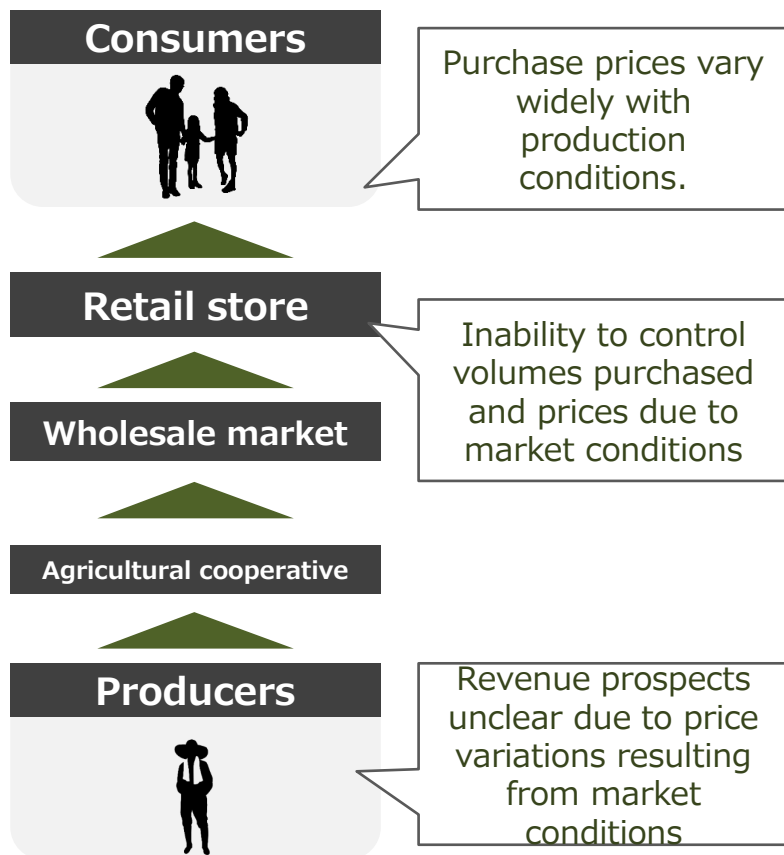
Since profit LTV is essential to the profitability of the subscription model, we implement individual target management based on sets of KPIs with different emphases on various KPIs.

Main KPIs		Original Sub-KPI image	
Sales LTV	Personnel	• Conversion ratio	
	×	• Turnover ratio	
	Frequency	• Cancellation ratio	etc.
	×	• Receipt ratio	
Sales LTV	Unit cost	• High-frequency product purchases	
	×	• Behavior patterns of first-time subscribers	etc.
		• Sales in special categories	
		• Rate of use of personal sets	etc.
Marginal profitability		• Cost ratio	
		• Logistics center expenses ratio	
		• Packing and shipping costs	etc.

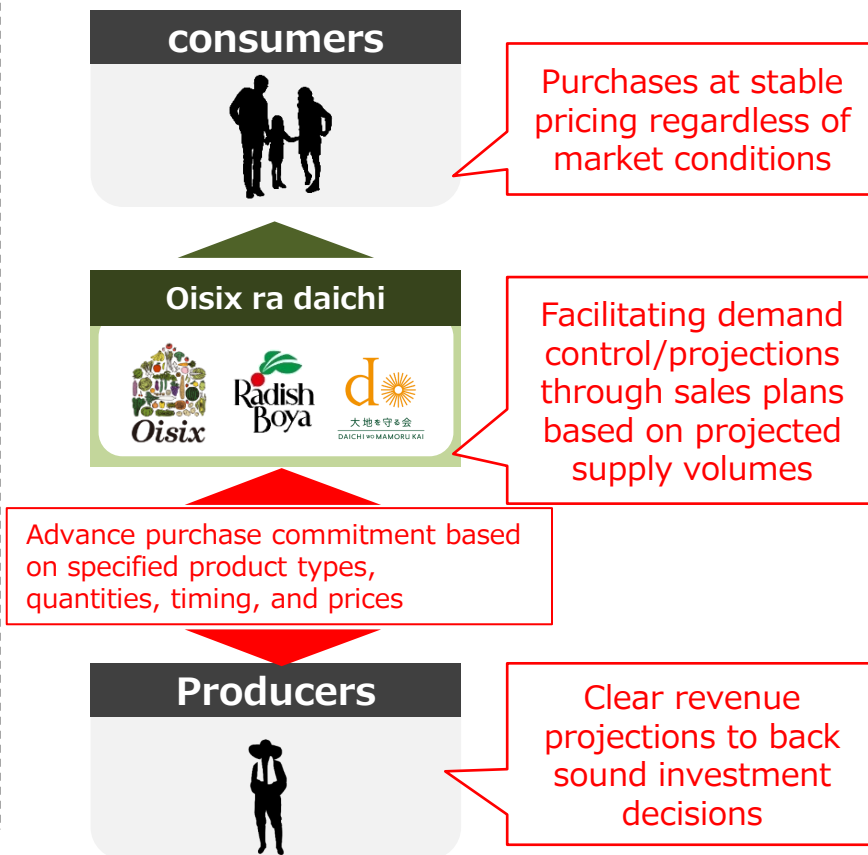
Subscription network

Reducing risks and securing stable transactions through a subscription network based on 4,000 producers nationwide and procurement under transaction conditions arranged in advance

■ Typical distribution of agricultural products



■ Our efforts



EC expertise

Trouble-free operation of the EC sites of ISETAN DOOR and DEAN & DELUCA supported by EC expertise gained with the subscription model

■ ISETAN DOOR

(Launched Aug. 2018)

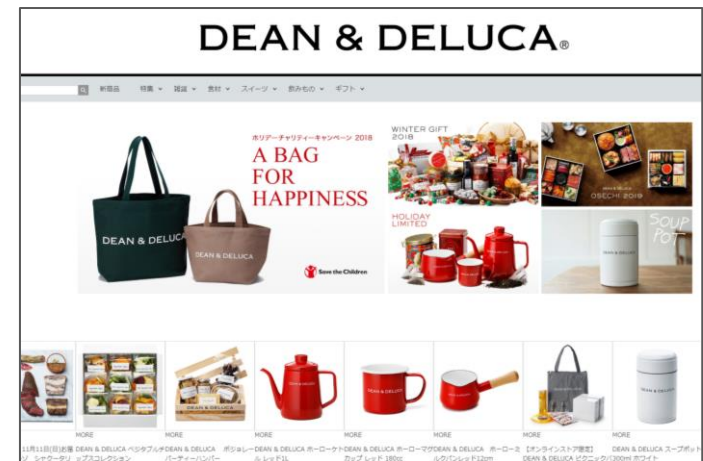
Steady growth after release



■ DEAN & DELUCA

(Support began May 2015)

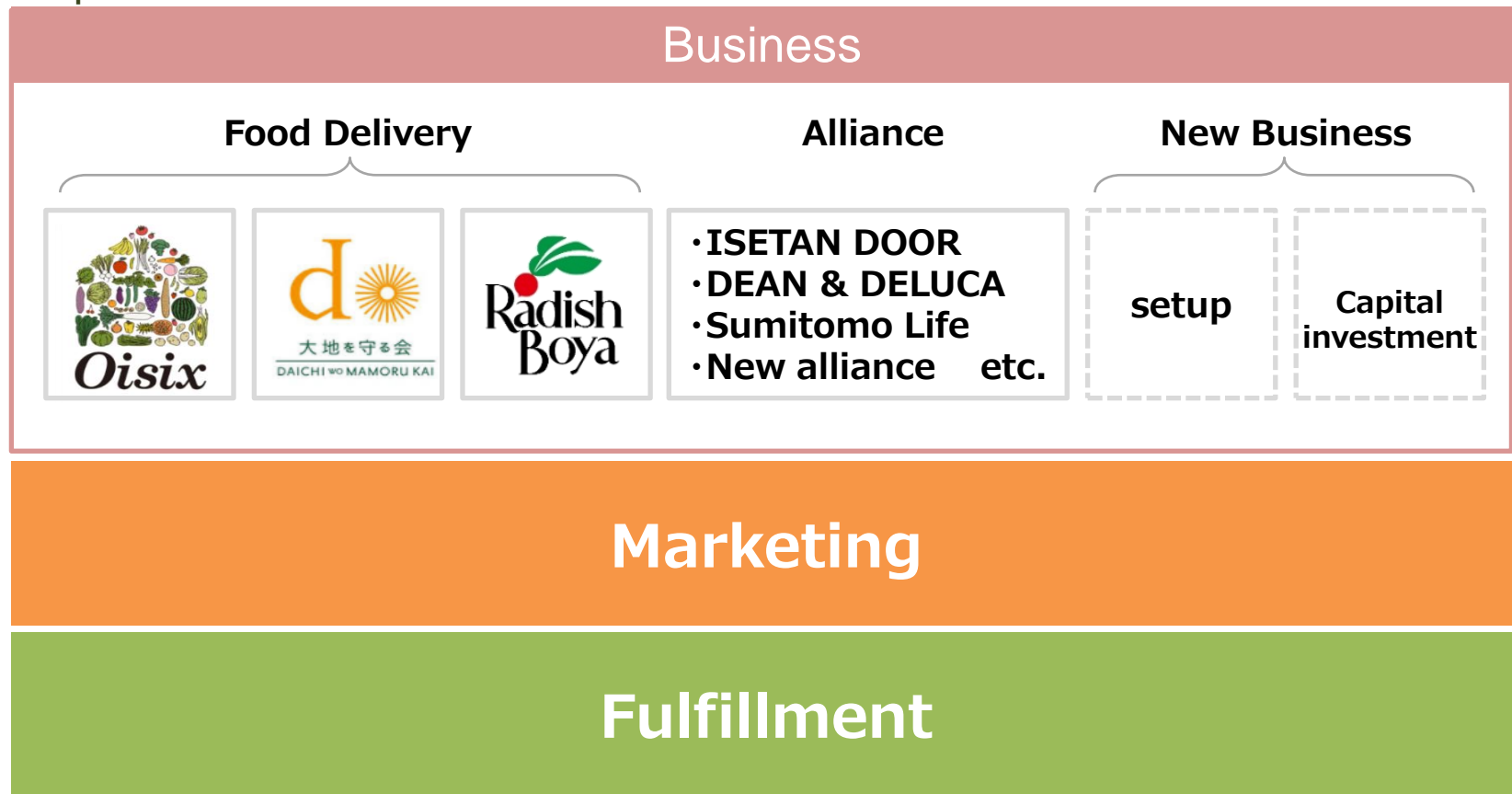
Continued YoY growth of 130%



Support for EC sites based
on Oisix's subscription-based EC expertise

Expansion our Subscription Model

Beyond sustained growth in existing businesses, we will consider various measures to expand the scale of our overall business in ways that make the most of shared marketing functions and improve customer satisfaction. The measures considered will include new businesses, alliances with other firms, and capital investments.



4. Topics in Addressing Food-related Issues

Disaster Aid

All three brands have worked to provide aid to victims of a succession of natural disasters, including torrential downpours in western Japan, the Hokkaido Eastern Iburi Earthquake, and typhoons

■ Torrential downpours in western Japan

We began delivering aid supplies in affected areas the day after these downpours truck.
We raised donations of 2,146,200 yen from subscribers.



■ Hokkaido Eastern Iburi Earthquake

To aid areas affected by the earthquake that occurred on September 6, all three brands began collecting donations the week after the earthquake. We are also collecting donations in connection with shareholder benefits for this fiscal year.



■ Typhoon damage

We seek to support producers who suffered losses due to Typhoon Jebi, which struck western Japan in September, through sales of fruit that remained on branches during the storm.
The fruit is sold as typhoon persimmons and typhoon mandarins.



Emergency Alliances

SEAM participation in response to the torrential rainfalls in West Japan made it possible to deliver the supplies needed.



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.



Tokyo Harvest

The sixth Tokyo Harvest was held this year, at Toranomon Hills.

A total of 22,000 people attended over the three days of this event, which featured various booths related to preparations for hosting the Olympics and Paralympics.



Tokyo Harvest, one of Japan's top harvest festivals, expressed gratitude and respect for those who produce our food: farmers, fisher people, and ranchers. Tokyo Harvest is an enjoyable opportunity to rediscover the culture, traditions, and history of each region and to community information on delicious Japanese fare from Tokyo to the nation and to the world.



M&As and Strategic Investment Policies

We will move forward with business tie-ups and investments in FoodTech domains, including subscription commerce, the sharing economy, kitchen tech, AgriTech, and biotechnology, to further promote our solutions to society's food-related challenges.

Enhancement of abilities to create and deliver solutions



karabiner.inc

Securing HR for systems development and Web production



Made-to-order catering service

Expanding solutions domains



Develops alliances with supermarkets in the mobile supermarket business; provides expertise to sales partners.



Operates website connecting food producers and consumers.

● NIHON AGRI, INC.

Expanding sales of domestic products through exports

Technological advances



Applying AI and IoT to increase agricultural earnings

5. APPENDIX • DATA SHEET

Corporate Overview

Name :	Oisix ra daichi Inc.
Location :	Shinagawa-ku, Tokyo
Established :	June 2000
Representative :	Kohey Takashima, Representative Director & CEO
Capital :	1,282,961,000 yen
Employees :	680 (consolidated), 423 (nonconsolidated) as of the end of March 2018

Overview of Affiliates

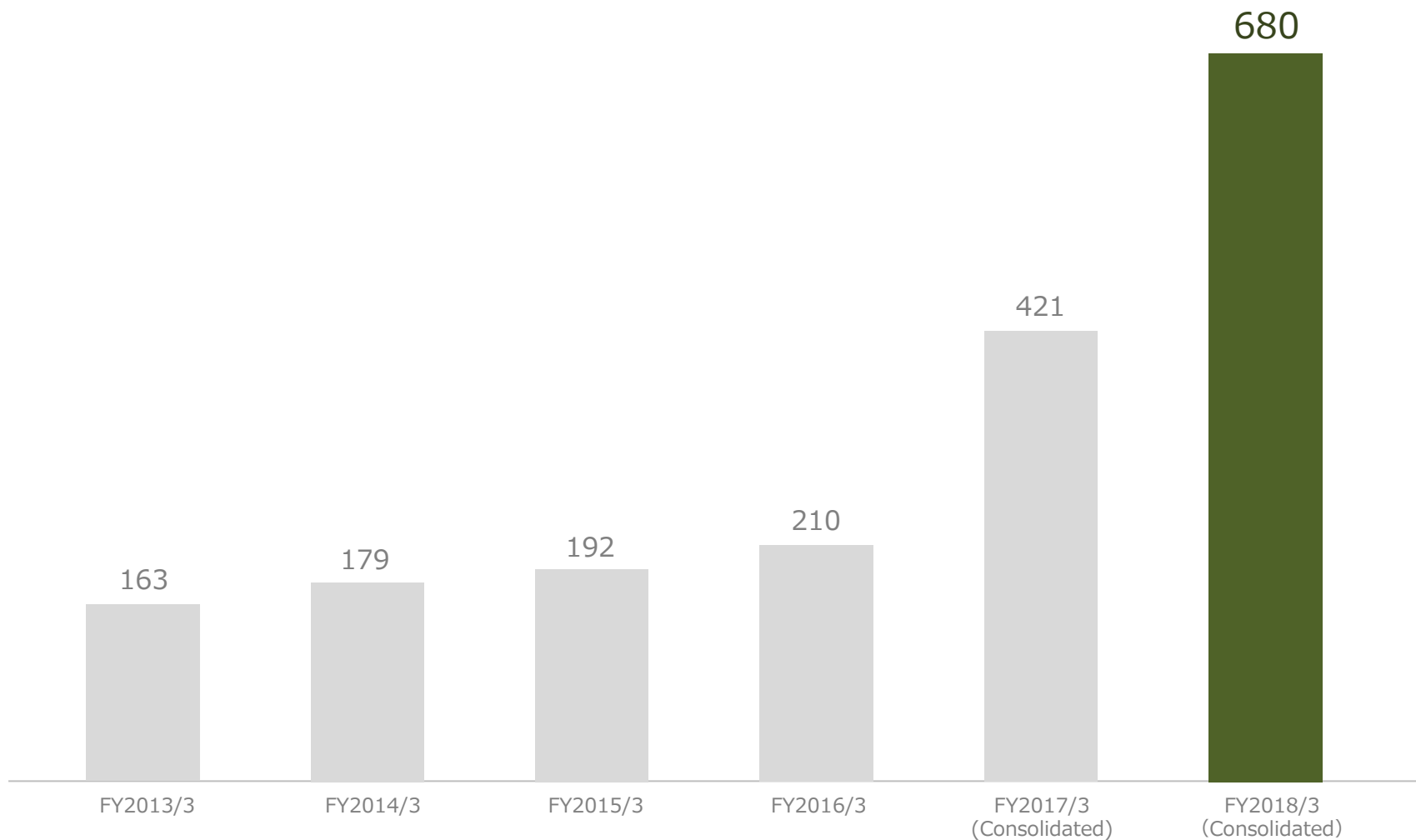
■ Consolidated subsidiaries

Tokushimaru Inc	Develops alliances with supermarkets in the mobile supermarket business; provides expertise to sales partners.
Fruits Basket	Handles processing, product development, and sales, for agricultural produce, including fruits and vegetables.
Furari Ltd.	Operates website connecting food producers and consumers.
Karabiner.Inc.	Develops and operates platform systems for EC sites; produces websites.
Crazy Kitchen	Handles catering, event production, and space production businesses.
Oisix Hong Kong Co.,Ltd.	Operates our businesses in Hong Kong under contract.
Oisix Shanghai Co., Ltd.	Operates the food products home delivery business in China.

■ Affiliates

Gochimaru Inc.:	Operates food EC site (Oisix × Ponta Point)
Nihon Agri Inc.:	Exports agricultural products.

Trend in Number of Employees



Main Business Risks

■ Effects of poor weather

Fresh produce accounts for about 30 % of Group sales. We deploy a structure for fresh produce that makes it possible to secure supplies from other regions if poor weather in specific regions prevents harvests or results in poor quality. The system distributes transactions and in principle allows procurement of key products from multiple producer regions. Nevertheless, poor weather lasting longer and having more broad-ranging effects than expected may lead to product shortages and quality issues, with potential consequences for Group businesses and business results.



■ Issues related to food safety

We have established proprietary standards for the products handled for all our major brands. Whenever possible, we seek to offer produce grown without pesticides or chemical fertilizers. Our processed food products are made using the fewest possible additives. We have also established unique inspection systems for produce (including inspections of production sites and testing for residual pesticides) and processed food products (including use of third-party experts and independent institutions). We also strive to secure appropriate quality and safety that can be objectively demonstrated and evaluated through health and safety management guidance provided to suppliers and other means. Nevertheless, it remains possible that those who produce the products we offer may provide misleading or fraudulent labels regarding use of pesticides and similar matters or provide false quality information. Such cases could well lead to rebuke or penalties from regulators, customer complaints, and compensation for damages, in turn damaging the image of the Group's brands or leading to a loss of confidence in the Group and potentially affecting Group businesses and business results.

■ Effects of concentration of logistics centers

We operate our own logistics centers, where logistics functions such as inspection, storage, sorting, and packing of our products are concentrated. For the most part, products under the Oisix brand are shipped to customers through our logistics center located in the city of Ebina, Kanagawa Prefecture. Those under the DWMK brand are shipped through a center located in the city of Narashino, Chiba Prefecture. If a natural disaster, fire, or other cause were to render either or both logistics centers unable to operate, potential consequences include inventory losses, shipping delay, and temporary suspension of services, which in turn would affect Group businesses and business results.

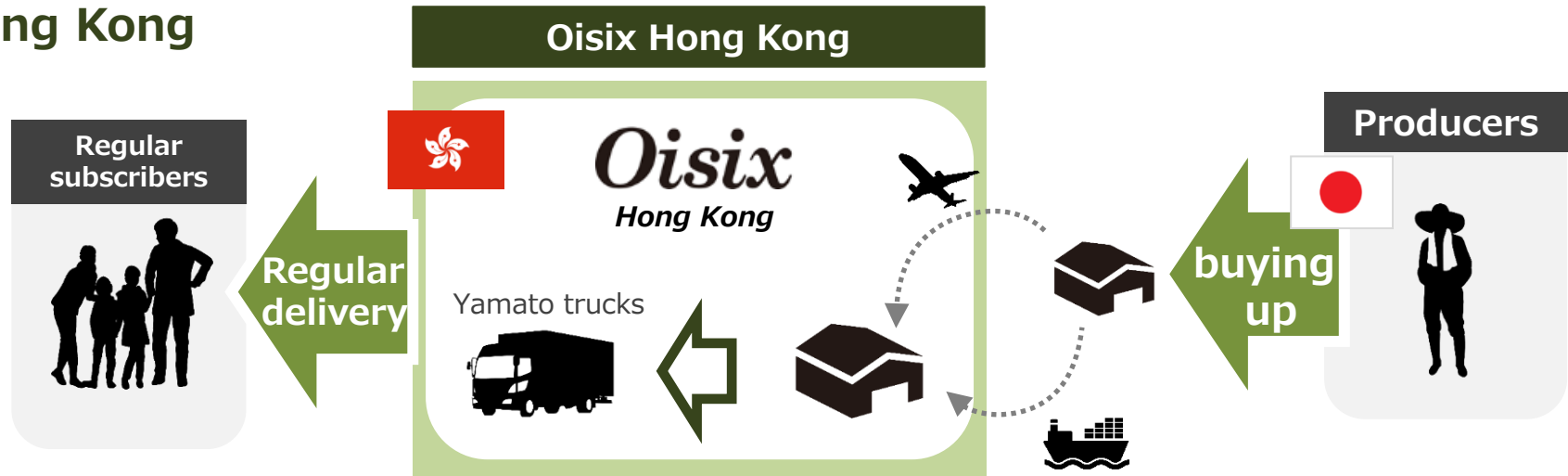
■ Effects of relationship with Yamato Transport Co., Ltd.

Most deliveries of the Group's products to subscribers are handled by Yamato Transport. While the Group strives to maintain a favorable ties to Yamato while building relationships with alternative delivery services, due to current conditions in the logistics business, if the Yamato Group were to demand a major increase in delivery fees or if transaction volumes between us were to shrink, the resulting changes may affect Group businesses and business results.



International Business

■ Hong Kong



■ China

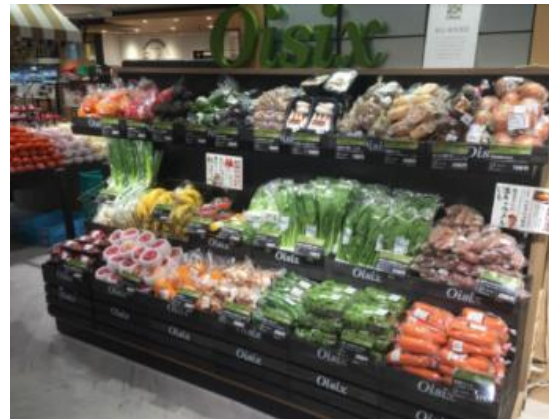


Shop in Shop

Setting up booths for individual brands in the produce sections of partner supermarkets to sell produce and products that meet each brand's standards



ISETAN MITSUKOSHI HOLDINGS



kindergarten wholesale

The kindergarten wholesale business was launched in FY2015. Based on the Omakase Boya system that makes it possible to order ingredients for student meals based on menus, it provides support for kindergarten operations in both serving meals and nutrition.

Kindergarten



品名	単位	数量	単価	小計	備考
りんご	個	100	100	10000	
バナナ	本	50	200	10000	
...



- ◆ Stable purchases of safe produce and processed food meeting strict standards
- ◆ A wide-ranging product lineup that eliminates the need for additional purchasing
- ◆ Full-time senior nutritionists develop unique menus for use by kindergartens; they also respond to requests for nutritional consultations.
- ◆ Easy ordering using a simplified Web form
- ◆ Simplified single supplier management

Ordering

Delivery
on
Requested
date

Oisix ra daichi

Omakase Boya system
for receiving orders from kindergartens



品名	単位	数量	単価	小計	備考
りんご	個	100	100	10000	
バナナ	本	50	200	10000	
...



Purchase

Producers



Business Solutions

We propose B2B business solutions based on our safe, reliable products, outstanding customer base, and expertise in subscription-based EC.

■ EC consulting

Solutions support based on our expertise in repeat marketing, site user interface/user experience improvements, food logistics in three temperature zones, securing new EC customers, and omni-channel management



■ Ad Oisix: Periodic advertisements delivered to subscribers

In addition to an EC site that boasts 1.2 million unique views per month, this service delivers advertising to about 300,000 households, including subscribers to DWMK and Radish Boya.



■ Tavelty : seasonal vegetable novelty products

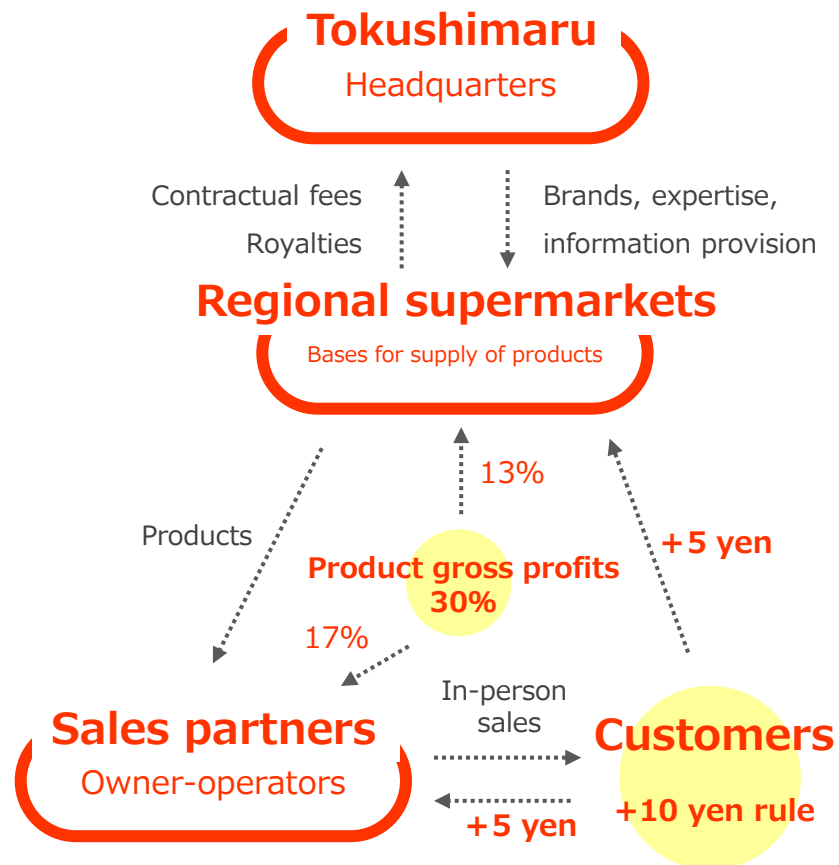
We offer novelty products based on our expertise in service, products, and delivery, established through more than 3 million regular deliveries a year.



Tokushimaru

Offering mobile supermarkets for seniors and “shopping refugees” difficult to approach via the Internet

■ Business model



DATA SHEET : Results

■ Results

	FY2017/3				FY2018/3				FY2019/3	
(mn yen)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Sales	5,379	10,718	17,113	23,016	9,602	18,935	30,007	39,987	16,853	31,720
Operating Profit	169	270	625	752	141	237	692	891	610	1,115
EBITDA	225	391	810	996	320	635	1,282	1,670	808	1,513
Net income Attributable to owners of the parent	119	187	429	515	72	93	336	237	537	893

DATA SHEET : Business Segment Result

■ Business Segment Result

		FY2018/3				FY2019/3	
(mn yen)		1Q	2Q	3Q	4Q	1Q	2Q
Oisix	Sales	5,790	11,470	18,481	24,799	6,863	13,769
	Marginal profit	674	1,392	2,421	3,288	970	1,943
DWMK	Sales	2,790	5,487	8,508	11,215	2,769	5,440
	Marginal profit	539	1,078	1,650	2,095	479	960
Radish Boya	Sales	-	-	-	-	5,811	9,926
	Marginal profit	-	-	-	-	1,030	1,765
Other Business	Sales	1,109	2,163	3,263	4,250	1,482	2,755
	Marginal profit	185	384	571	760	154	290
Companywide fixed expenses		1,257	2,853	3,951	5,253	2,024	3,844

Overview of Main KPIs

■ ARPU distribution



Data Sheet : Main KPI

KPI trend

		FY2017/3				FY2018/3				FY2019/3	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Oisix	ARPU (yen)	12,087	11,586	11,955	11,932	11,833	11,057	11,587	11,602	11,562	11,127
	Price/ purchase (yen)	5,874	5,799	5,975	5,872	5,817	5,704	5,908	5,925	6,002	5,973
	Purchase Frequency (number)	2.06	2.00	2.00	2.03	2.03	1.94	1.96	1.96	1.93	1.86
DWMK	ARPU (yen)	21,088	20,054	21,307	19,066	19,884	19,875	22,209	19,240	18,991	17,973
	Price/ purchase (yen)	7,605	7,524	7,965	7,525	7,589	7,700	8,336	7,726	7,731	7,786
	Purchase Frequency (number)	2.77	2.67	2.67	2.53	2.60	2.58	2.67	2.49	2.46	2.31
Radish Boya	ARPU (yen)	16,655	16,320	17,442	16,188	16,457	15,896	17,149	15,608	16,322	16,394
	Price/ purchase (yen)	5,543	5,546	5,751	5,378	5,501	5,518	5,889	5,339	5,542	5,691
	Purchase Frequency (number)	3.00	2.94	3.03	3.01	2.99	2.88	2.91	2.92	2.95	2.88

Disclaimers

◆ This material is intended to provide an understanding of Oisix ra daichi activities, not to solicit investment

◆ Forecasts of Oisix ra Daichi's operating results and future performance are based on information available to Oisix ra 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.

The announcement of FY3/2019 3Q results is scheduled to begin at 3:00 pm on February 13, 2019.

Oisix ra daichi