



FY2019/3 3Q Results Explanatory Materials

Oisix ra daichi Inc.
2019.2.13

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1. FY3/2019 3Q Achievements

3Q Highlights

<Special factors of the current term>

1. These figures below include performance of Radish boya for 10 months, March to December, to reflect a change in fiscal year.
2. Net income includes the tax effect of Radish boya's carry forward losses and deferred tax assets.

Sales

48.90bn yen
(YoY **+63.0%**)

EBITDA
※1

2.88bn yen
(YoY **+124.7%**)

Operating Profit

2.26bn yen
(YoY **+227.2%**)

Net income
Attributable to
owners of the
parent

2.53bn yen
(YoY **+653.7%**)

Home Delivery Business

Oisix

DWMK
※2

Radish Boya

Other Business
※2

Sales

22.19bn yen
(YoY **+20.1%**)

Sales

8.40bn yen
(YoY **-1.2%**)

Sales

14.34bn yen
(YoY **- %**)

Sales

4.19bn yen
(YoY **+39.1%**)

Marginal profit

3.37bn yen
(YoY **+39.2%**)

Marginal profit

1.53bn yen
(YoY **-6.9%**)

Marginal profit

2.65bn yen
(YoY **- %**)

Marginal profit

0.47bn yen
(YoY **-16.1%**)

Consolidated Results Overview

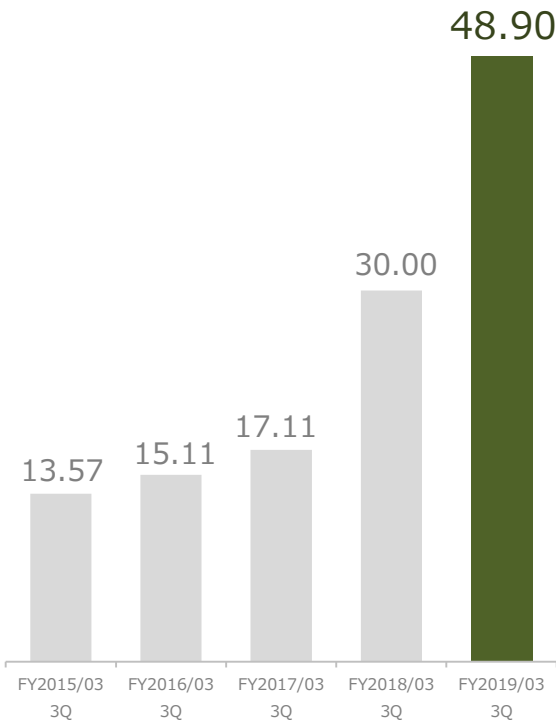
<Special factors of the current term>

These figures below include performance of Radishboya for 10 months, March to December, to reflect a change in fiscal year.

Sales, operating profit and EBITDA set **new records high**

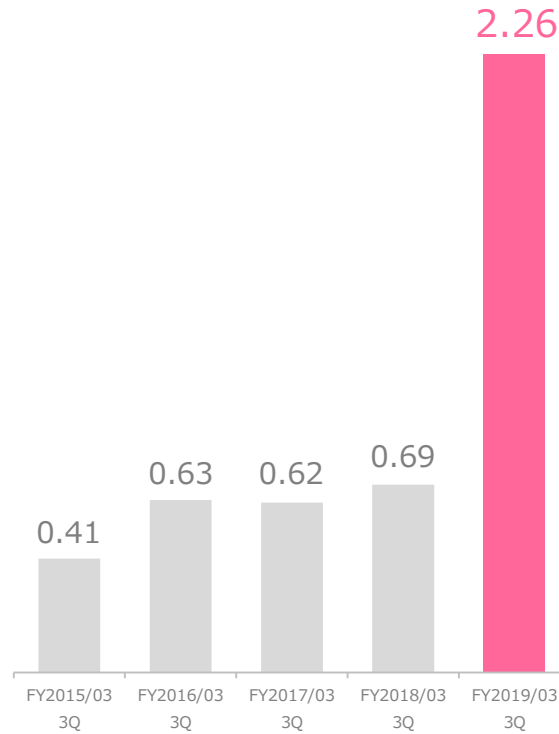
■ Sales

48.90 bn yen
(YoY **+63.0%**)



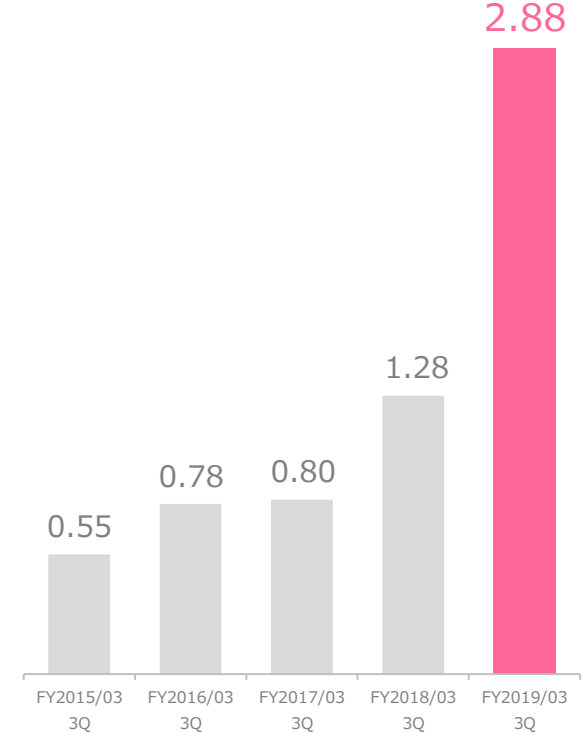
■ Operating Profit

2.26 bn yen
(YoY **+227.2%**)



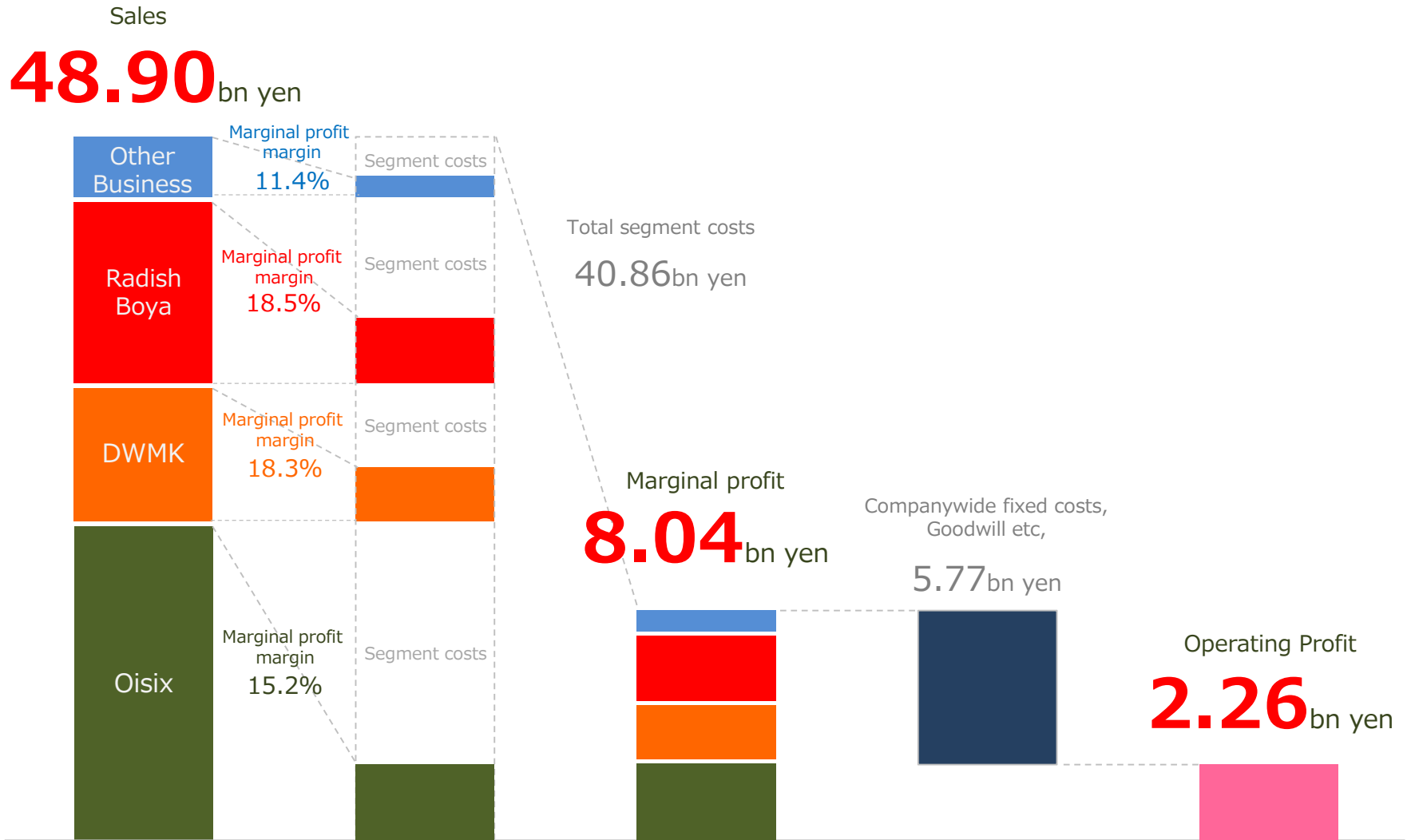
■ EBITDA

2.88 bn yen
(YoY **+124.7%**)

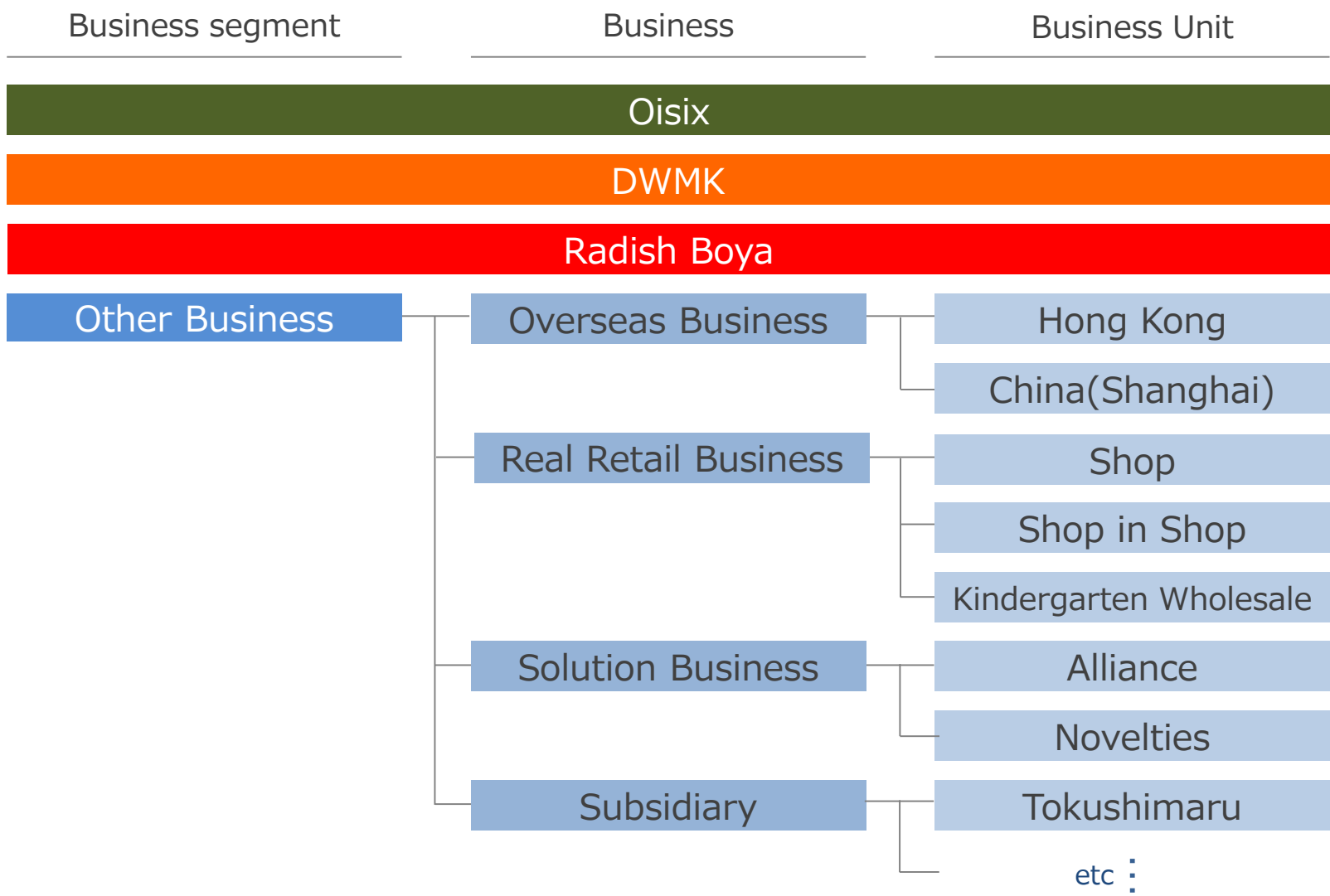


Business segment Results Overview

<Special factors of the current term>
 These figures below include performance of Radishboya for 10 months, March to December, to reflect a change in fiscal year.



Overview of Business Segments



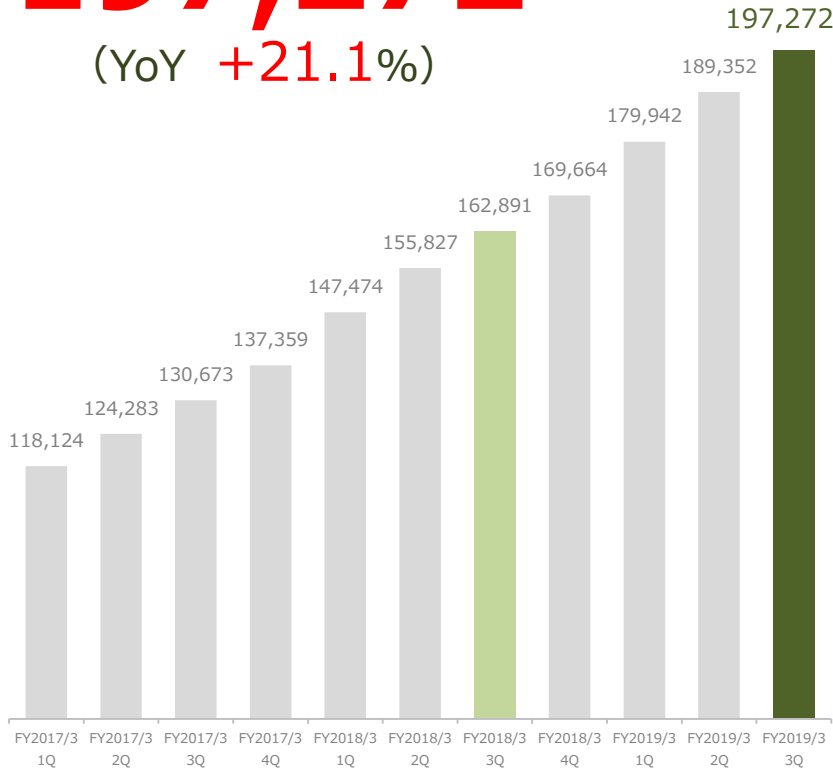
Oisix KPIs

Number of subscribers: **Steady growth** driven mainly in Kit Oisix course
ARPU: Price/purchase increased, despite Purchase frequency decreased slightly due to an increase in light users

■ Number of subscribers

197,272

(YoY +21.1%)

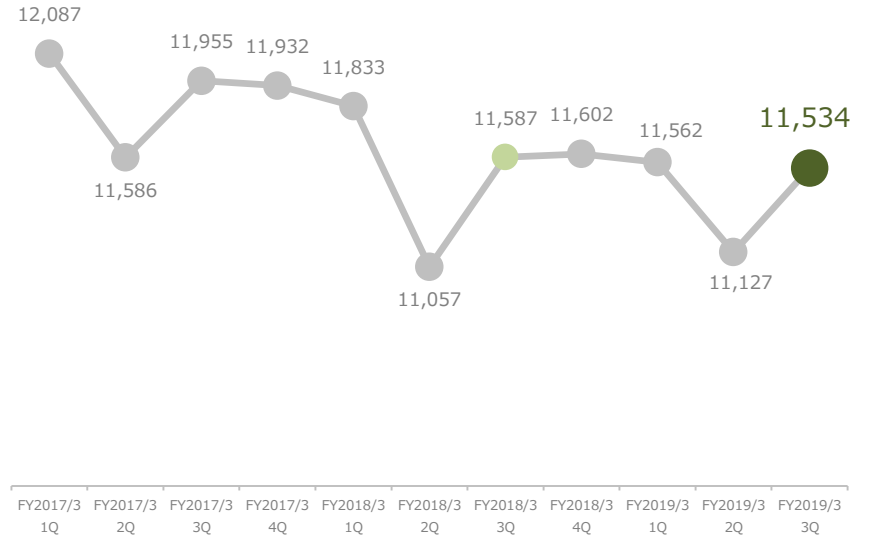


■ ARPU

11,534

 yen

(YoY -0.5%)



Oisix Topics

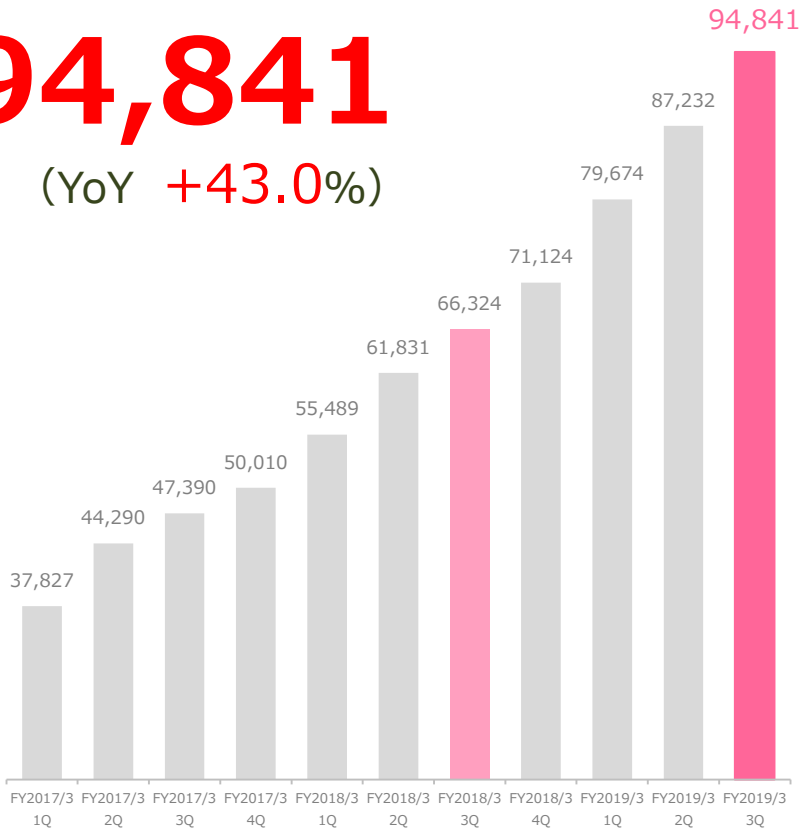
The number of meal kit subscribers exceeded 90,000 thanks to accelerated growth in demand for meal kits.

No. of meal kit course subscribers

(Includes Oisix subscribers)

94,841

(YoY +43.0%)



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

Cumulative shipments of Kit Oisix **surpassed 30 million**, and we offers a variety of menu proposals, including collaboration with cooking expert. In addition, the shipping table was revised in February to make it easier to use weekly, such as by lowering reducing the free shipping fee

■ Kit Oisix

Cumulative shipments of Kit Oisix surpassed **30 million meals!**
(as at end December 2018)

◆ Kit Oisix released recently



- Collaboration Kit with Shinpei Kurihara, cooking expert "Cheese Taccarbi" which children can eat

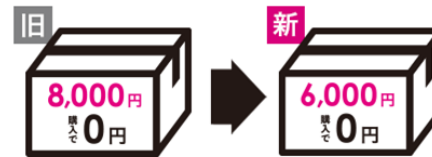


- Supporting students! "Sweet Pig Sotate" with Chinese Yam "Nebari star"

■ Revision of the shipping table


Lowering the free shipping fee and revising the table to make it easier to use weekly

- Lowering the free shipping fee from ¥8,000 to ¥6,000



- Change to simple shipping table

Price/purchase	Shipping fee
8,000yen~	free
6,000yen~	100yen
4,500yen~	150yen
3,500yen~	350yen
~3,499yen	750yen



Price/purchase	Shipping fee
6,000yen~	free
4,000yen~	200yen
~3,999yen	600yen

DWMK KPI

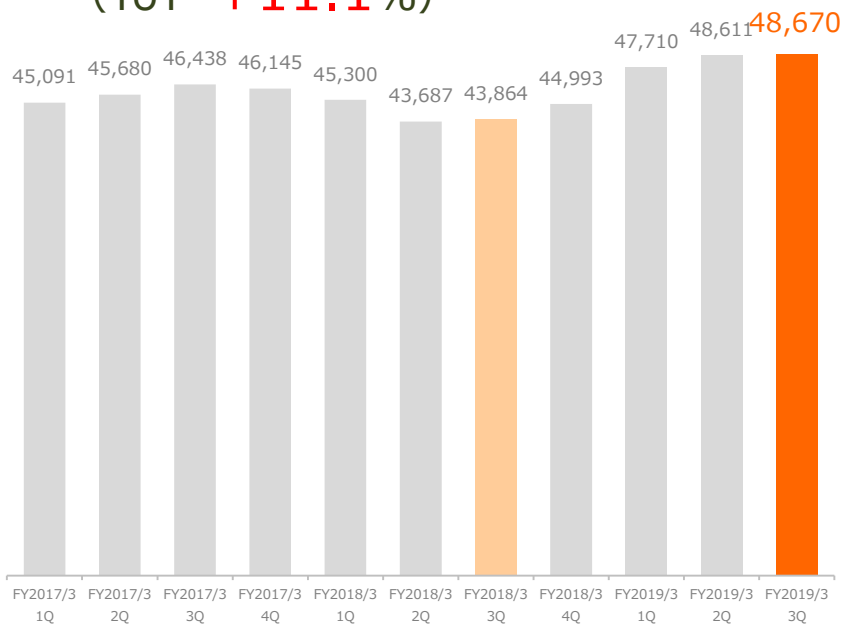
Number of subscribers: Stop low-LTV channels and move to attract high-quality new customers

ARPU: Bipolarization of purchasing behavior continued, Price/purchase increased, but decreased Purchase frequency

■ Number of subscribers

48,670

(YoY +11.1%)

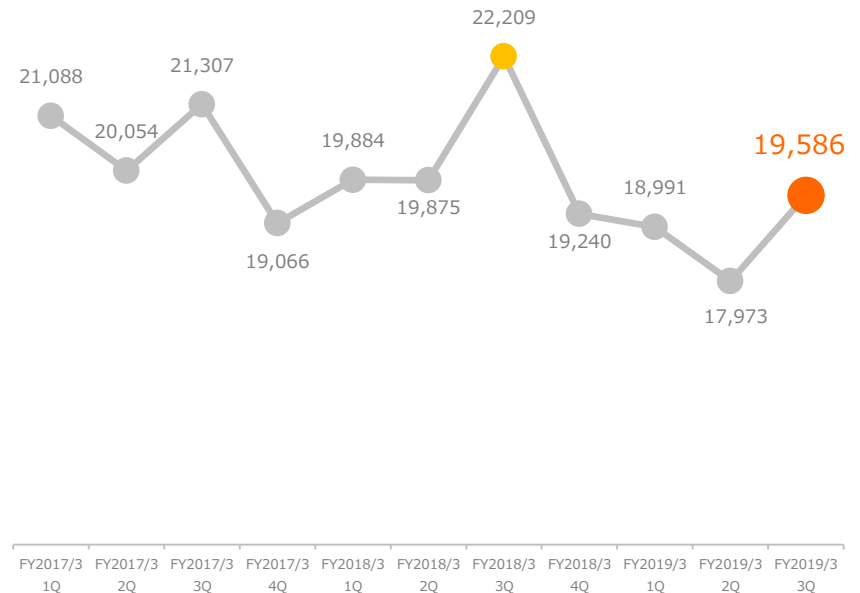


■ ARPU

19,586

 yen

(YoY -11.8%)



DWMK Topics

We improved our shopping website. Promoting "Limited Time Sale" and "Website-Only Special Sale" contributed to Price/purchase add-on

Improvement Measures of Website Price/purchase

◆ Limited Time Sale

We hold a 48-hour limited-time online sale for members twice a week, and promote guidance to the Website



◆ Website-Only Special Sale

We implemented measures such as expanding product lineup limited to web sites that are not covered in paper catalogs, and higher discount rates than regular products, contributing to purchase unit add-on



Radish Boya KPI

Number of subscribers: Decrease in light users as a result of revision of shipping fees to reduce deficit orders

ARPU: Increased thanks to successful measures to improve Price/purchase to current users in line with the revision of shipping fees

■ Number of subscribers

73,364

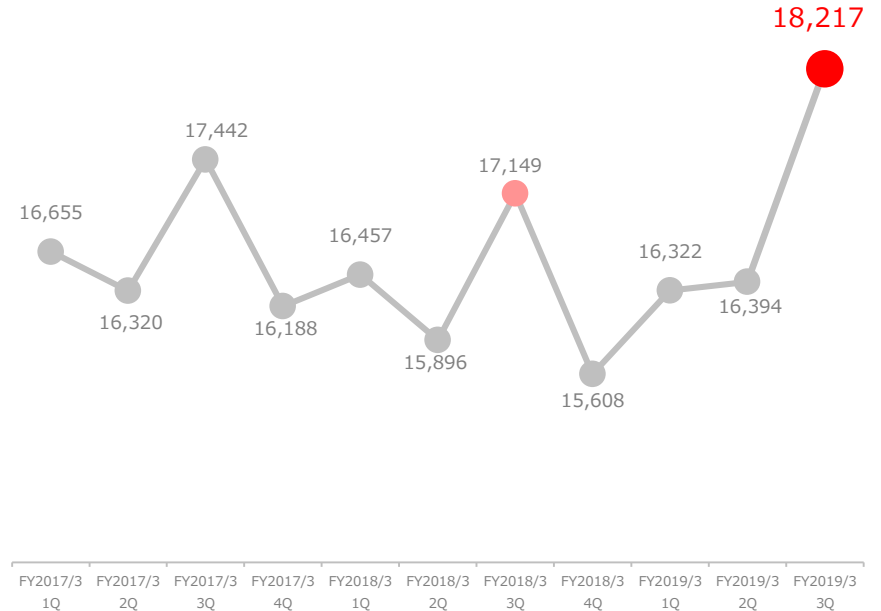
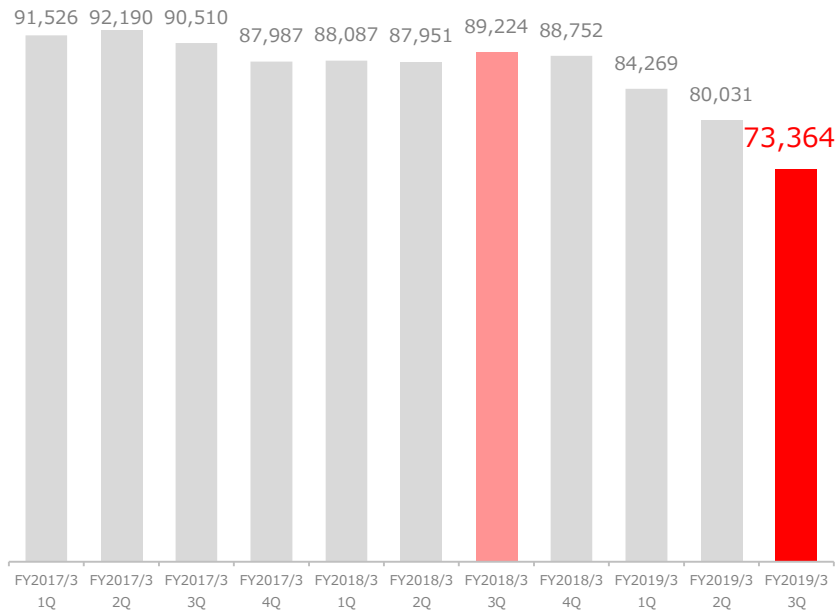
(YoY -17.8 %)

■ ARPU

18,217

 yen

(YoY +6.2%)



Radish Boya Topics

Due to the revision of shipping fees implemented in November, the number of low unit price deficit orders of less than 3,000 yen decreased.

As a result of concentrating resources on proposal for buying, purchases increased, improved contract rates for regular delivery products, and increased Price/purchase, finally resulting in improved earnings structures

■ Revision of the shipping table

Price/purchase	Regular delivery products		Regular delivery products	
	Contract	No contract	Contract	No contract
5,000yen~	free	free	No change	
3,000yen~	180yen	300yen	No change	
~2,999yen	280yen	500yen	380yen	600yen
<hr/>				
<u>Preferred segment</u>				
Users with children under 3 years old	Free at any time		Free for 3,000 yen or more	
Users who continue 3 years or more	Free if Regular delivery is contracted			

Revision of shipping fees of less than 3,000 yen

Data Sheet : Main KPI

KPI trend

		FY2017/3				FY2018/3				FY2019/3		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Oisix	Subscribers (number)	118,124	124,283	130,673	137,359	147,474	155,827	162,891	169,664	179,942	189,352	197,272
	ARPU (yen)	12,087	11,586	11,955	11,932	11,833	11,057	11,587	11,602	11,562	11,127	11,534
	Price/purchase (yen)	5,874	5,799	5,975	5,872	5,817	5,704	5,908	5,925	6,002	5,973	6,150
	Purchase Frequency (number)	2.06	2.00	2.00	2.03	2.03	1.94	1.96	1.96	1.93	1.86	1.88
DWMK	Subscribers (number)	45,091	45,680	46,438	46,145	45,300	43,687	43,864	44,993	47,710	48,611	48,670
	ARPU (yen)	21,088	20,054	21,307	19,066	19,884	19,875	22,209	19,240	18,991	17,973	19,586
	Price/purchase (yen)	7,605	7,524	7,965	7,525	7,589	7,700	8,336	7,726	7,731	7,786	8,383
	Purchase Frequency (number)	2.77	2.67	2.67	2.53	2.60	2.58	2.67	2.49	2.46	2.31	2.34
Radish Boya	Subscribers (number)	91,526	92,190	90,510	87,987	88,087	87,951	89,224	88,752	84,269	80,031	73,364
	ARPU (yen)	16,655	16,320	17,442	16,188	16,457	15,896	17,149	15,608	16,322	16,394	18,217
	Price/purchase (yen)	5,543	5,546	5,751	5,378	5,501	5,518	5,889	5,339	5,542	5,691	6,208
	Purchase Frequency (number)	3.00	2.94	3.03	3.01	2.99	2.88	2.91	2.92	2.95	2.88	2.93

Other Business : Overseas Business

■ Oisix Hong Kong

Local service launched in 2009.

In Q3, in order to refine services for Hong Kong people, we interviewed with Hong Kong users who frequently use, and conducted market surveys. We are going to clarify the concept for the improvement of regular courses to encourage the use of Subscription



只有在 Oisix 才能品嚐到的當造新鮮食材



生産者只提供最優質的食材至大家的餐桌上



客人可選擇您喜歡的日子及時間帶收貨

■ Oisix Shanghai

Service launched in November 2017.

In Q3, we expanded its product lineup to meet the needs of Chinese customers, stabilized product supply, and built a Chinese-language e-commerce site and system infrastructure



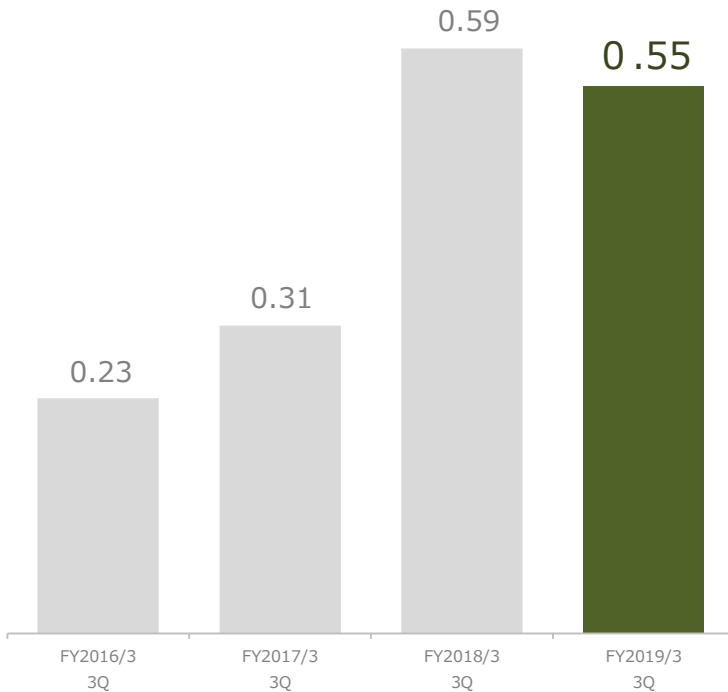
Other Business : Real Retail Business

Shop in Shop

Overall sales decreased due to the withdrawal from unprofitable Shop in 2Q, but profit structure improved

Sales

0.55 bn yen



No. of shops

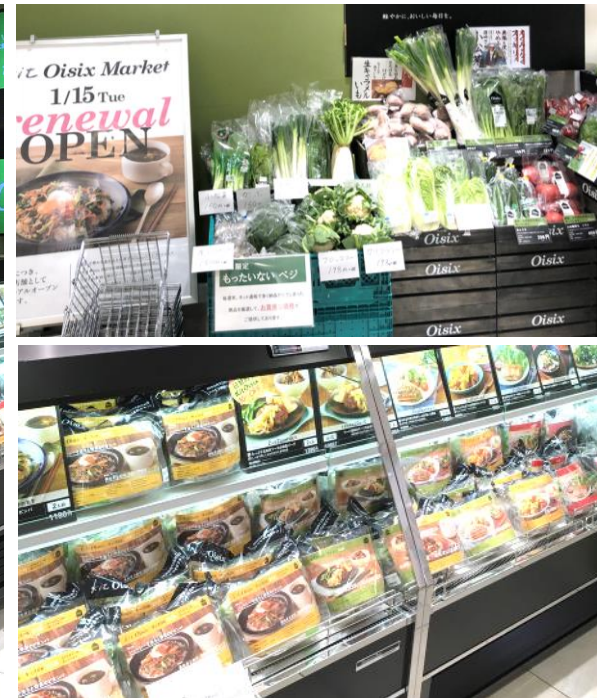
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Other Business : Real Retail Business

■ Shop

The Shin-Koshigaya Shop was renewed in January. Improvement of product display layout and customer flow leads to increasing in-store residence time



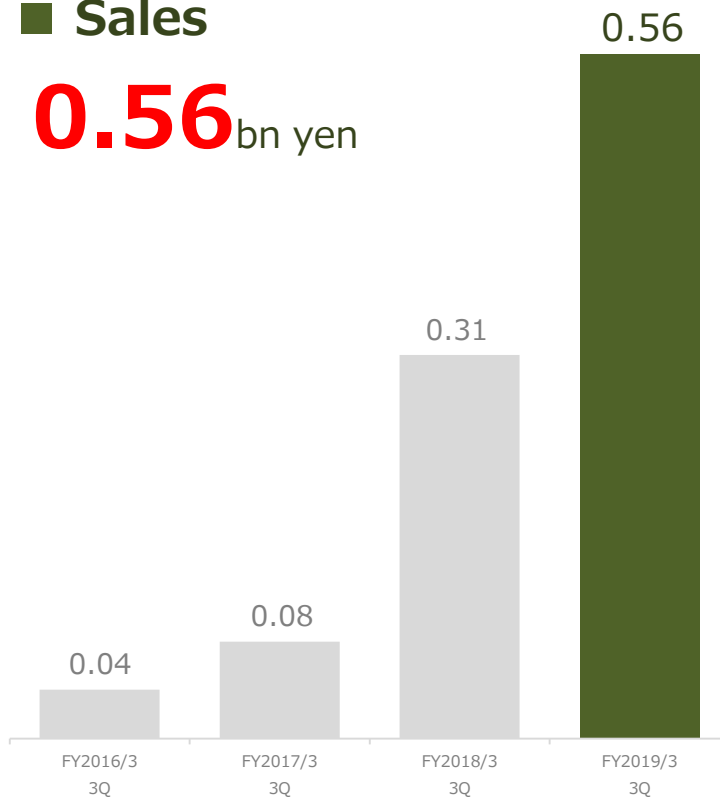
Other Business : Real Retail Business

■ Kindergarten Wholesale

Continuing on from 2Q, **sales increased** due to steady growth in new customers. **Profit structure also improved** due to improved distribution efficiency and review of product costs

■ Sales

0.56 bn yen



■ No. of trading kindergartens

323



Other Business : Solution Business

Steady expansion of B2B businesses utilizing our strengths of "Subscription e-commerce know-how" and "reach to excellent members of 320,000 households"

■ Alliances

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

◆ EC support for Isetan Door



◆ Partnership with Sumitomo Life's Vitality



■ Promotional support

Supporting the placement of ads on the website and in paper media for a total of 320,000 subscribers households with 3 brands

◆ PR support for T-FAL

In addition to our advertising approach for our members, we have held a cooking event for a pressurized pot recipe that utilizes our kitchen space.



◆ PR support for Hirado City "Furusato nozei"

Since two years ago, the Hirado City "Furusato nozei" has been publicized on the Oisix website.



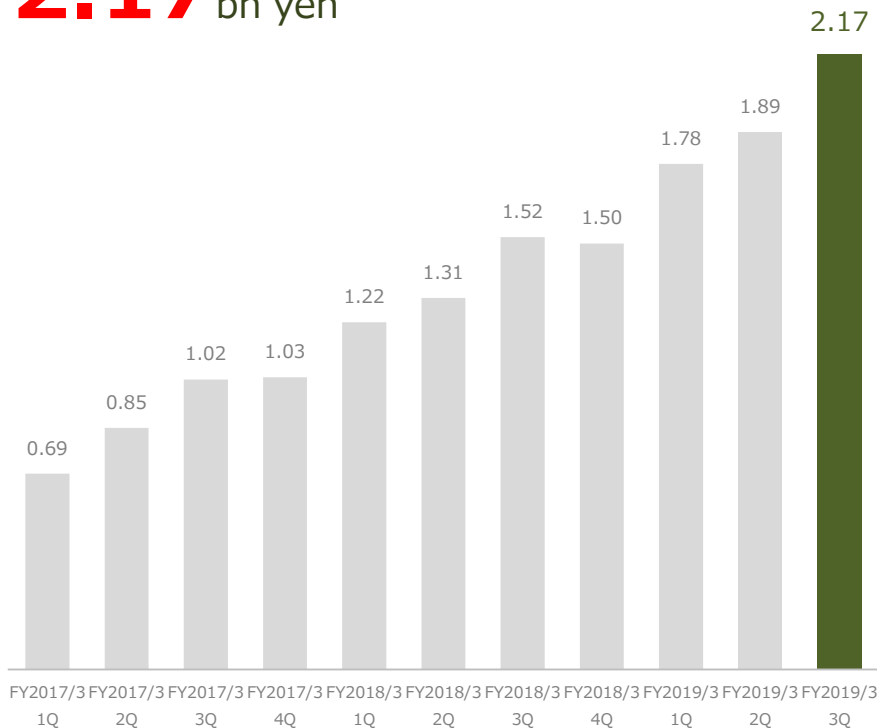
長崎県 平戸市ふるさと納税 × Oisix

Tokushimaru

Steady growth in transaction value, no. vehicles in operation, and prefectures served. Number of vehicles in operation has **surpassed 360**, and number of subscribers of affiliated supermarkets has **surpassed 100**

■ Sales

2.17 bn yen



■ Development Scale

Number of affiliated supermarkets

106

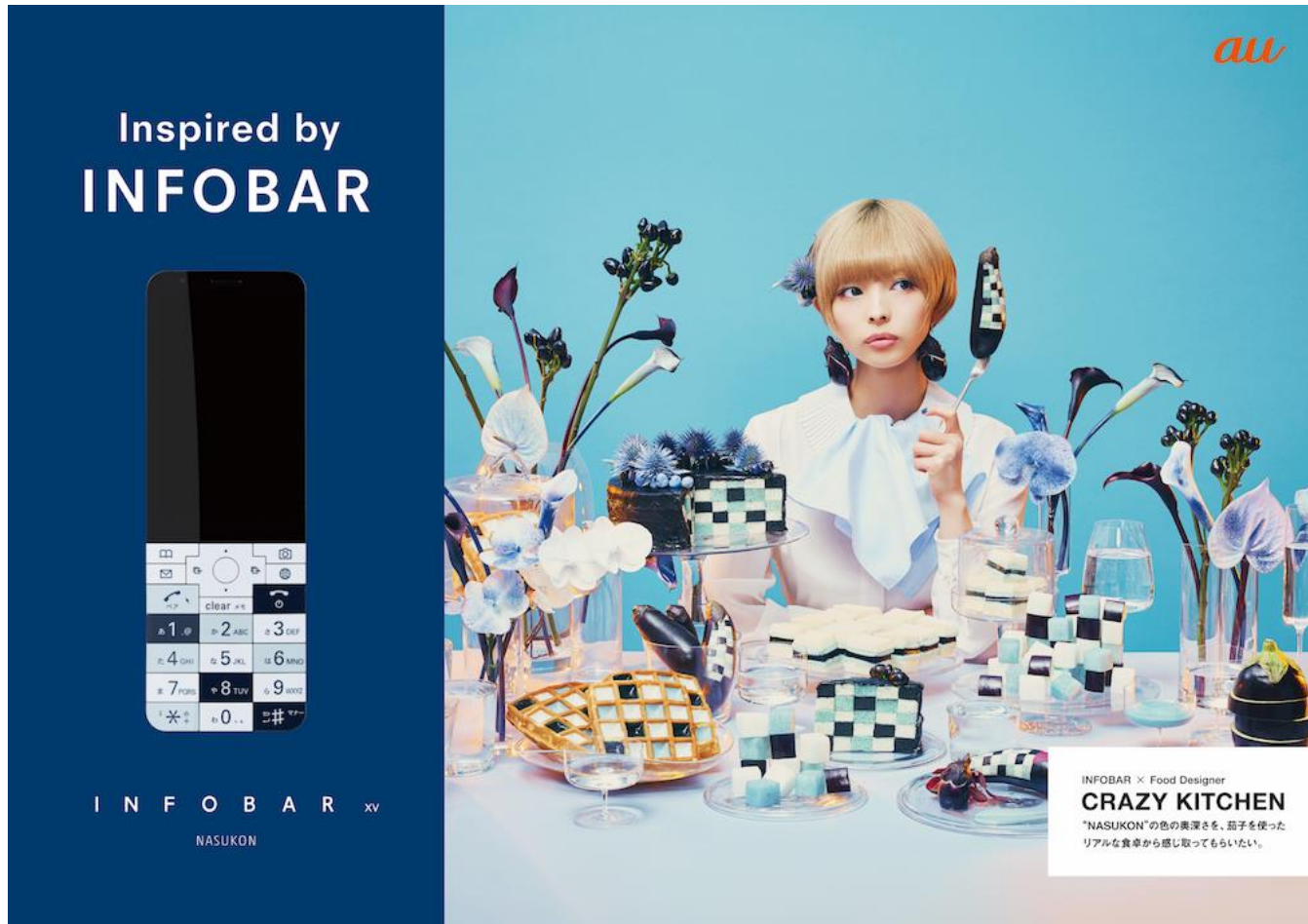
Number of vehicles in operation

362



CRAZY KITCHEN

Participated in Inspired by INFOBAR, a new ad campaign for au.
Supervised dining table design expressing the color of "eggplant blue"



2. Results Forecast Revisions

Highlights of Results Forecast Revisions

<Special factors of the current term>

1. These figures below include performance of Radish boya for 10 months, March to December, to reflect a change in fiscal year.
2. Net income includes the tax effect of Radish boya's carry forward losses and deferred tax assets.

Operating Profit were revised up by **22.2%** and EBITDA by **15.4%**.

Operating Profit and EBITDA are expected to be higher than previously announced by improvement marginal profit margin in the Oisix blands due to sales growth, and improvement profit structure in the Radish Boya blands.

Net income is expected to increase due to special factors scheduled to expire this year, **such as the recording of additional deferred tax assets of Radish Boya.**

	Initial forecast		Revised forecast	Change	%
Sales	64.00bn yen	▶	64.00 bn yen	0bn yen	0.0%
Operating Profit	1.80bn yen	▶	2.20 bn yen	+0.4bn yen	+22.2%
EBITDA ※	2.60bn yen	▶	3.00 bn yen	+0.4bn yen	+15.4%
Net income Attributable to owners of the parent	1.50bn yen	▶	2.30 bn yen	+0.8bn yen	+53.3%

3Q Target Achievements

<Special factors of the current term>

1. These figures below include performance of Radish boya for 10 months, March to December, to reflect a change in fiscal year.
2. Net income includes the tax effect of Radish boya's carry forward losses and deferred tax assets.

We made steady progress on both sales and EBITDA.
In Q4, we expects to incur expenses the standardization of systems and the related to integration.

	Revised forecast	3Q Results		Achievement Rate
Sales	64.00bn yen	48.90bn yen	▶	76.4%
Operating Profit	2.20bn yen	2.26bn yen	▶	103.0%
EBITDA ※	3.00bn yen	2.88bn yen	▶	96.1%
Net income Attributable to owners of the parent	2.30bn yen	2.53bn yen	▶	110.1%

3. Topics in Addressing Food-related Issues

Disaster Aid

Following 2Q, we provided assistance to areas affected by the West Japan torrential rain and the Hokkaido Iburi eastern Earthquake. We continue to provide aid in any kind of way.

■ Support for torrential downpours

We sold the producer rice of Kurashiki City, where the organic JAS certification was revoked due to the submergence of rice paddies by torrential downpours as "West Japan Supporting Rice"



■ Donation of Hokkaido Iburi Eastern Earthquake at Shareholder Benefits

We made the shareholder benefit of this year donations or our products selectivity. Approximately 10% of all shareholders selected donations, and that was greatly exceeded the average selectivity.



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.



3%
of revenue
donated



Lunches
delivered to
children in
developing
countries

To date, Oisix has delivered (as at end December 2018)

Approx. **4.60** million lunches



※ lunch = ¥20

Sales of year-end merchandise

Total sales of three brands exceeded 1 billion yen, achieving 120% compared to the previous year.

We maximized sales by horizontal expansion sales know-how and sharing products among brands



Oisix

horizontal expansion of sales know-how

Product sharing among brands



◆ Oisix

Significant year-on-year growth in sales volume thanks to the effects of measures such as the UI improvement of the website based on the review of the previous year and the setting of a gradual discount schedule



◆ Radish Boya

Increasing production of affordable products. Launching a site that sells products outside the member, and attracting customers with web advertisement



◆ DWMK

Changing sales promotion methods that link customer segments with purchase status, such as TEL follow-up for customer purchased last year and retargeting ad



4. APPENDIX • DATA SHEET

Farm for Tomorrow, Table for Tomorrow

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

We evolve continuously where good farmers are rewarded and proud.

We realize a society that 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.

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 :	687 (consolidated), as of the end of December 2018

Overview of Affiliates

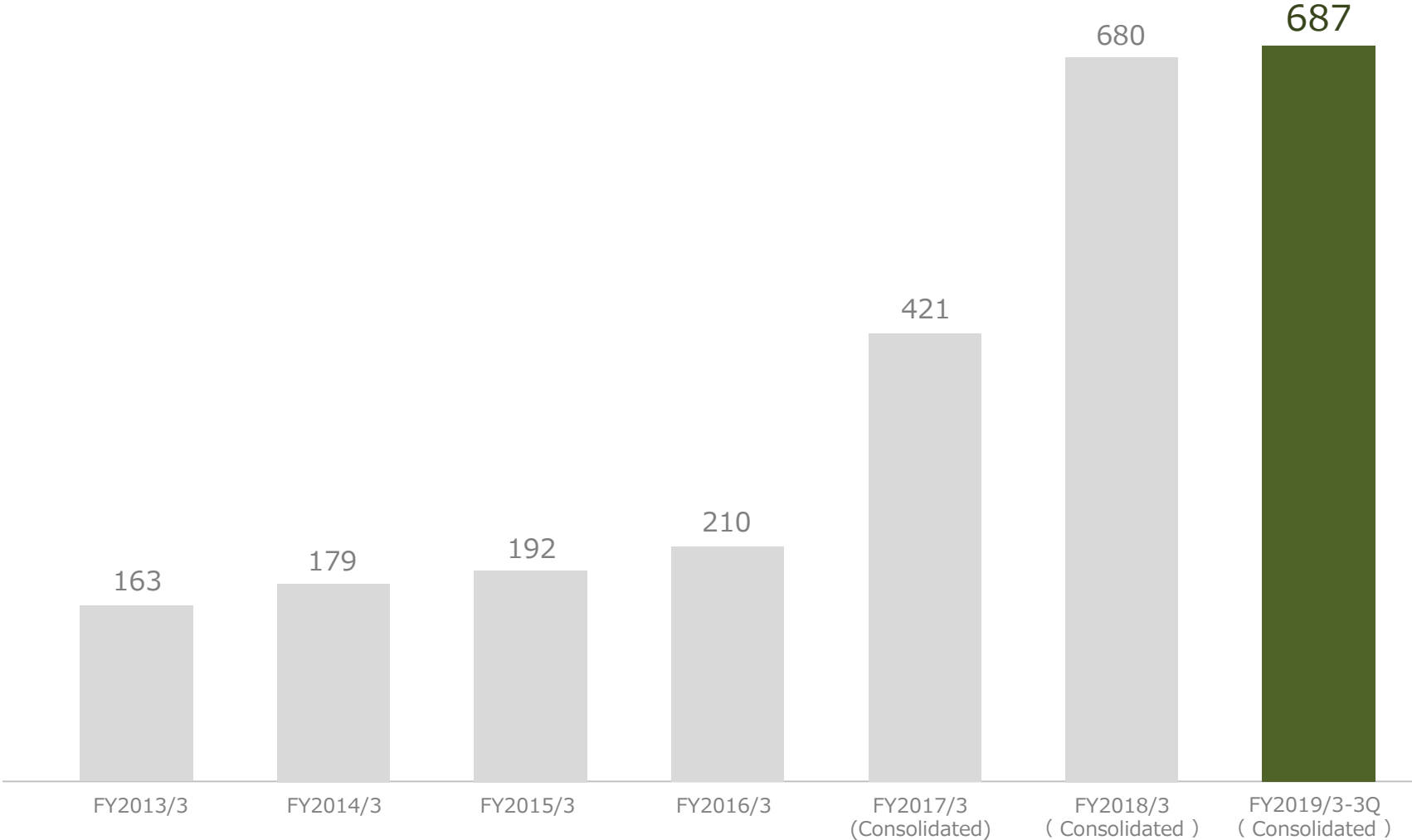
■ Consolidated subsidiaries

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

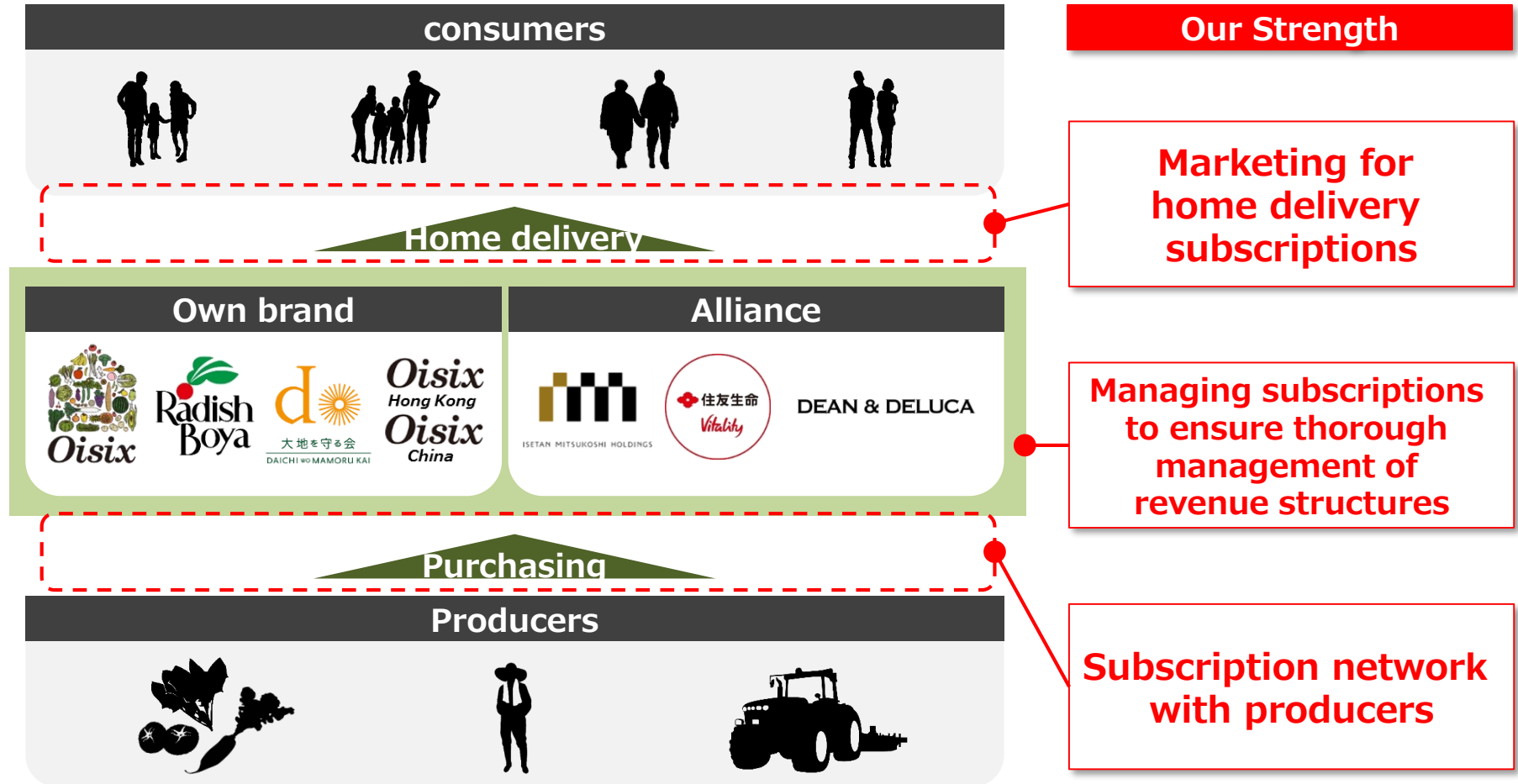
Nihon Agri Inc.	Exports agricultural products.
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Trend in Number of Employees



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



Differences in the assets of the three brands

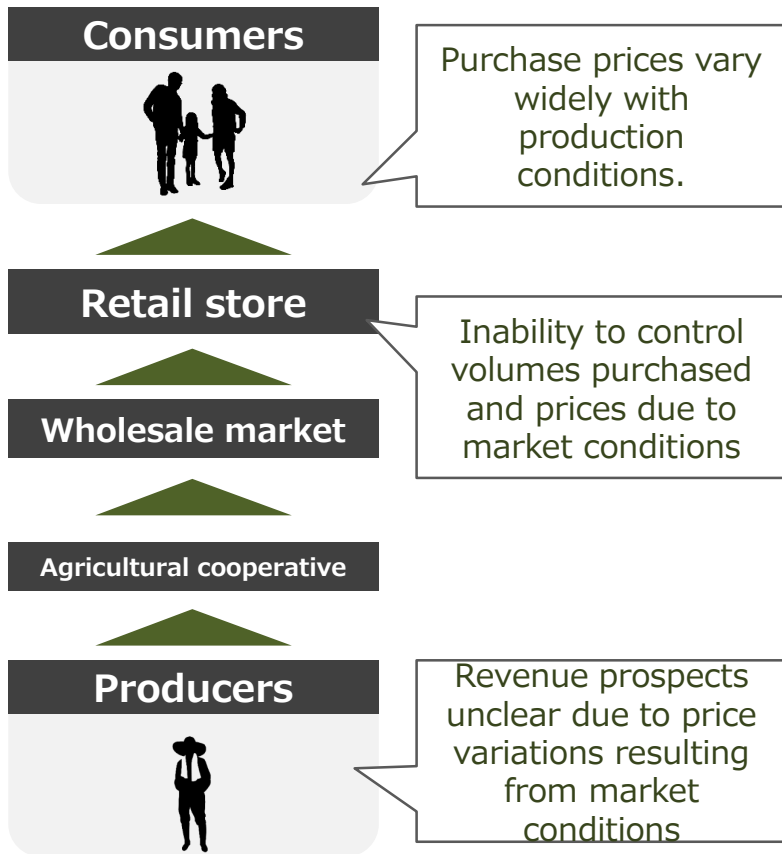


How to join	WEB mainly	WEB/ door-to-door sales	WEB mainly
How to order	WEB only	WEB/ Paper catalogs/ TEL	WEB/ Paper catalogs/ TEL
Logistics bases	1 place in Kanagawa	6 places in Hokkaido, Miyagi, Tokyo, Kanagawa, Aichi, Osaka,.	1 place in Chiba
Last One Mile	Yamato trucks approximately 99%	Our trucks approximately 95% (area around Logistics bases)	Our trucks approximately 85% (area around metropolitan area)

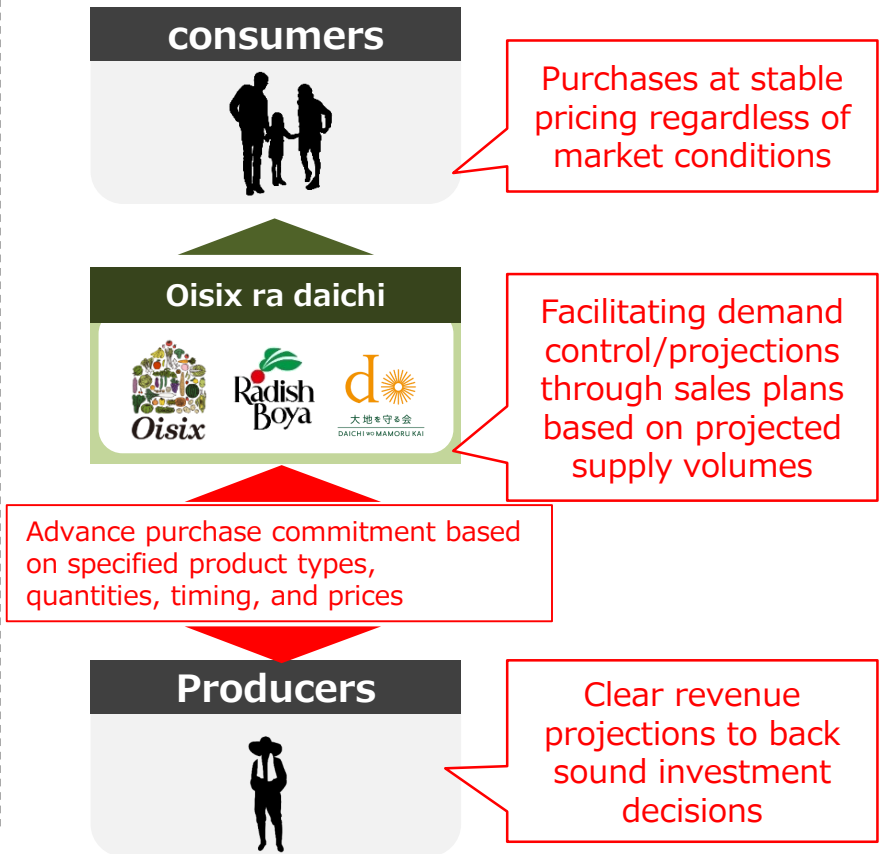
Subscription network

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

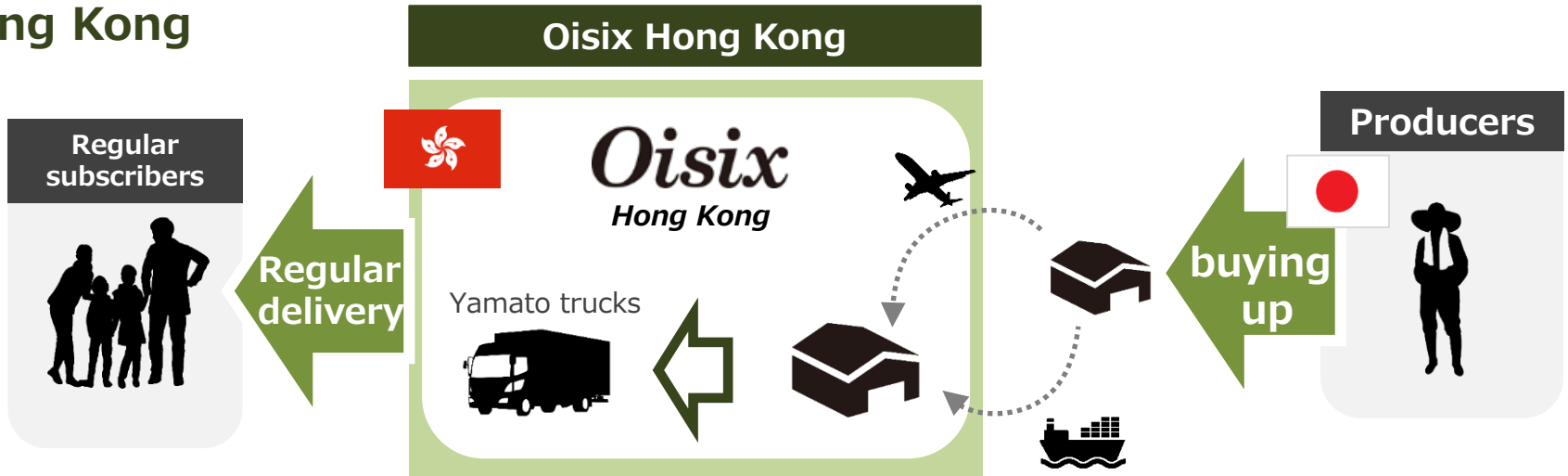


Our efforts



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



おまかせぼーや		品名	単価	数量	金額	単位	備考
1	1	りんご	100.00	10	1000.00	個	
2	1	バナナ	150.00	5	750.00	本	
3	1	トマト	80.00	10	800.00	個	
4	1	ピーマン	100.00	5	500.00	個	
5	1	ナス	120.00	5	600.00	個	
6	1	ズッキーニ	150.00	5	750.00	個	
7	1	パプリカ	100.00	5	500.00	個	
8	1	ピーマン	100.00	5	500.00	個	
9	1	ナス	120.00	5	600.00	個	
10	1	ズッキーニ	150.00	5	750.00	個	



- ◆ 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	単価	数量	金額	単位	備考
りんご	100.00	10	1000.00	個	
バナナ	150.00	5	750.00	本	
トマト	80.00	10	800.00	個	
ピーマン	100.00	5	500.00	個	
ナス	120.00	5	600.00	個	
ズッキーニ	150.00	5	750.00	個	
パプリカ	100.00	5	500.00	個	
ピーマン	100.00	5	500.00	個	
ナス	120.00	5	600.00	個	
ズッキーニ	150.00	5	750.00	個	



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

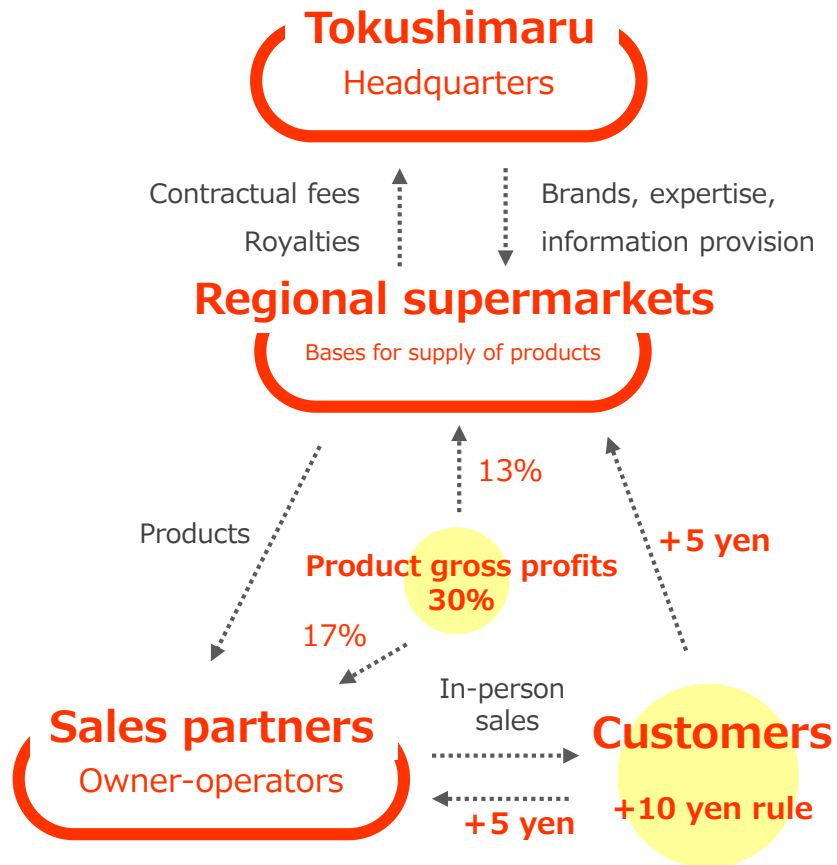
We offer novelty products based on our expertise in service, products, and delivery, established through more than 3 million regular deliveries a year.



Tokushimaru

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

■ Business model



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.



■ 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.

■ 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 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.



DATA SHEET : Results

■ Results

	FY2017/3				FY2018/3				FY2019/3		
(mn yen)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	5,379	10,718	17,113	23,016	9,602	18,935	30,007	39,987	16,853	31,720	48,906
Operating Profit	169	270	625	752	141	237	692	891	610	1,115	2,265
EBITDA	225	391	810	996	320	635	1,282	1,670	808	1,513	2,882
Net income Attributable to owners of the parent	119	187	429	515	72	93	336	237	537	893	2,533

DATA SHEET : Business Segment Result

■ Business Segment Result

		FY2018/3				FY2019/3		
(mn yen)		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Oisix	Sales	5,790	11,470	18,481	24,799	6,863	13,769	22,190
	Marginal profit	674	1,392	2,421	3,288	970	1,943	3,371
DWMK	Sales	2,790	5,487	8,508	11,215	2,769	5,440	8,405
	Marginal profit	539	1,078	1,650	2,095	479	960	1,536
Radish Boya	Sales	-	-	-	-	5,811	9,926	14,346
	Marginal profit	-	-	-	-	1,030	1,765	2,657
Other Business	Sales	1,109	2,163	3,263	4,250	1,482	2,755	4,198
	Marginal profit	185	384	571	760	154	290	479
Companywide fixed costs, Goodwill etc		1,257	2,853	3,951	5,253	2,024	3,844	5,779

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 results is scheduled to begin at 3:00 pm on May 13, 2019.

Oisix ra daichi