



FY 3/2020 2Q Results Explanatory Materials

Oisix

November 14, 2019

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1. FY 3/2020 2Q Achievements

- ✓ **Sales, EBITDA, and operating income are progressing steadily** compared to initial forecasts.
- ✓ **Sales increased 8.1%, EBITDA decreased 6.6%** due to increase Oisix expenses and other factors YoY on an adjusted like-for-like basis*.

* See special factors on next page

【FY 3/2019】

① Radish Boya irregular fiscal year-end associated with the business merger

- Due to a change in the consolidated fiscal year of Radish Boya, FY2019/3 includes one extra month (4-months in 1Q resulting in 13-months total)
- The section marked “Exclude special factors” excludes the March 2018 performance of the Radish boya business.
(sales: approx. 1.600 billion, operating income: approx. 0.07 billion).

② Tax effects from merger of Radish Boya

- Tax effects of operating loss carryforwards and deferred tax assets resulting from the merger of Radish Boya (About 1.2bn yen)

【FY 3/2020】

③ New consolidation through M&A

- The performance of WELCOME co.,Ltd.(DEAN & DELUCA), an affiliated company, have been consolidated from the first quarter applying the equity method, and goodwill amortization has been incurred. (consolidated for this financial result)
- The performance of Purple Carrot, a subsidiary, will be consolidated from the third quarter, and goodwill amortization will be incurred. (not consolidated for this financial result)

2Q Highlights

Sales increased compared with the same period of the previous year,
EBITDA and operating income decreased due to increased Oisix expenses etc.,

Sales

32.55bn yen
(vs Target $\pm 0\%$)

EBITDA

1.34bn yen
(vs Target +7%)

Operating
Profit

0.90bn yen
(vs Target +17%)

Net income
Attributable to
owners of the
parent

0.39bn yen

Consolidated Results Overview

※For the purposes of like-for-like YoY comparisons, one extra month of Radish Boya data (March 2018) was deducted from FY 2019/03 data.

Sales increased compared with the same period of the previous year,
EBITDA and operating income decreased due to increased Oisix expenses etc.,

■ Sales

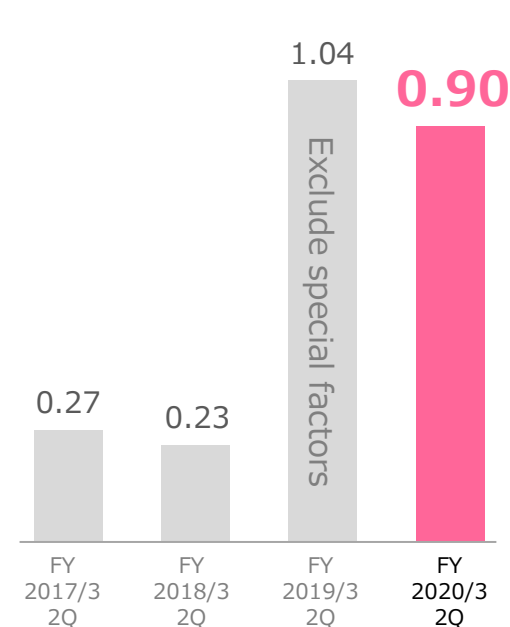
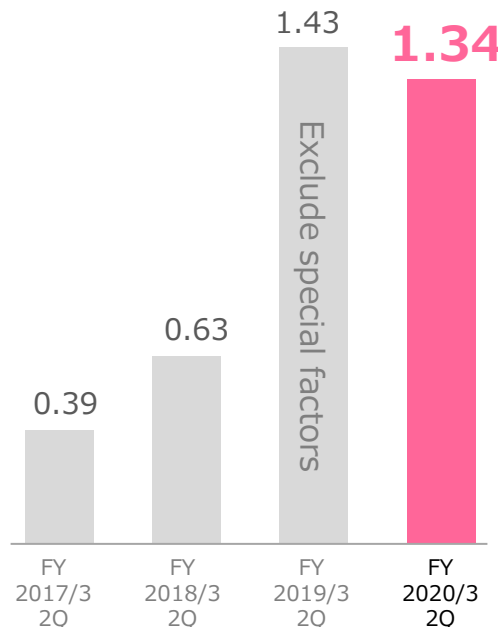
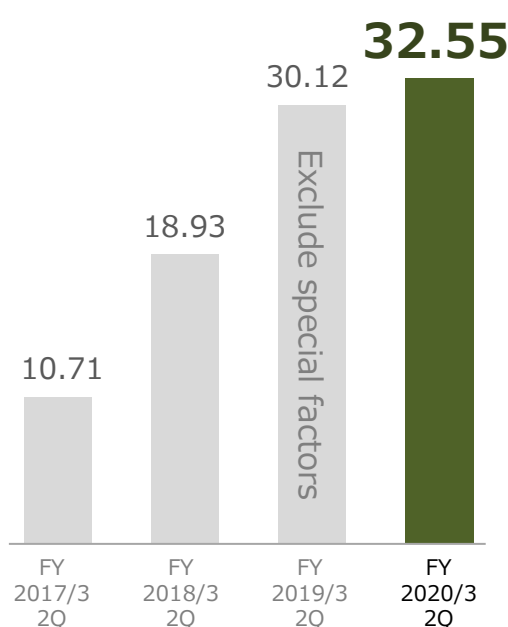
32.55 bn yen

■ EBITDA

1.34 円bn yen

■ Operating Profit

0.90 bn yen

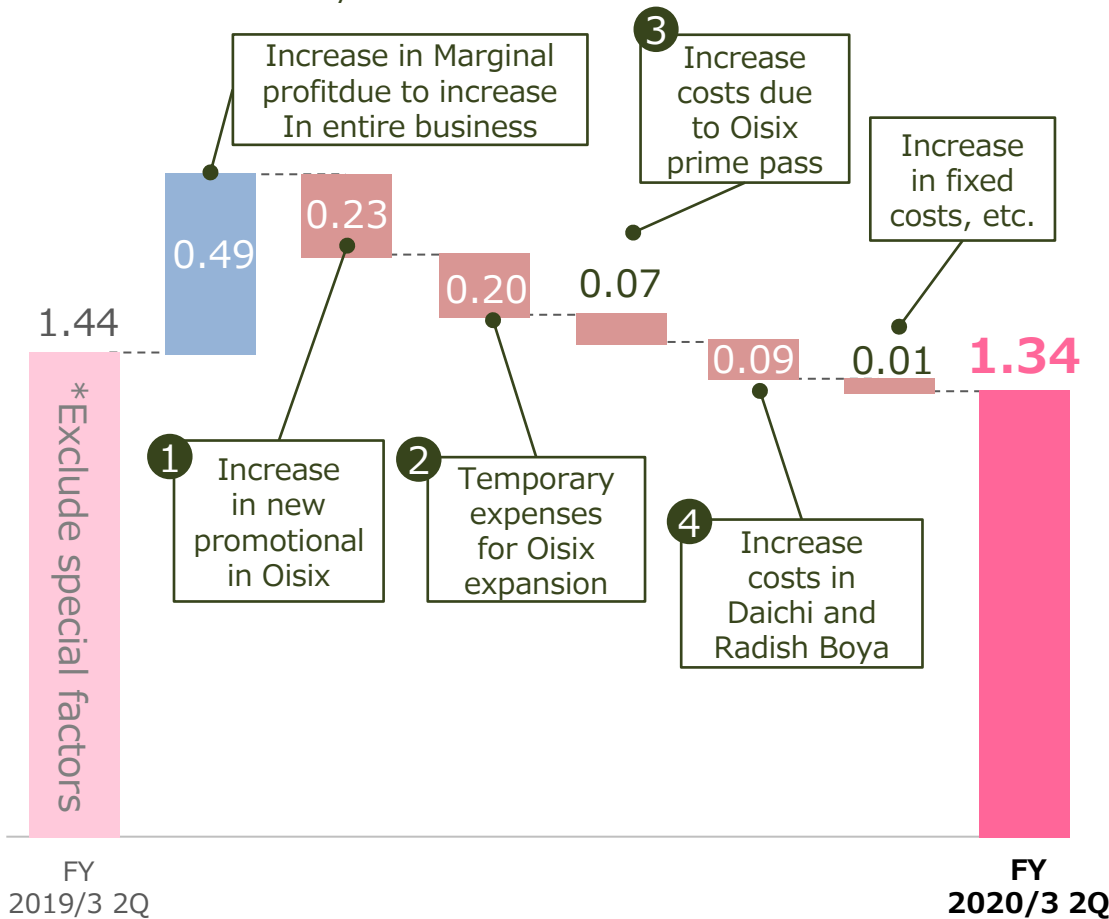


EBITDA comparison with FY3/2019 2Q

※For the purposes of like-for-like YoY comparisons, one extra month of Radish Boya data (March 2018) was deducted from FY 2019/03 data.

Despite sales growth, profit decreased
due to increased new promotional expenses and other factors

EBITDA (bn yen)



Major increase in costs

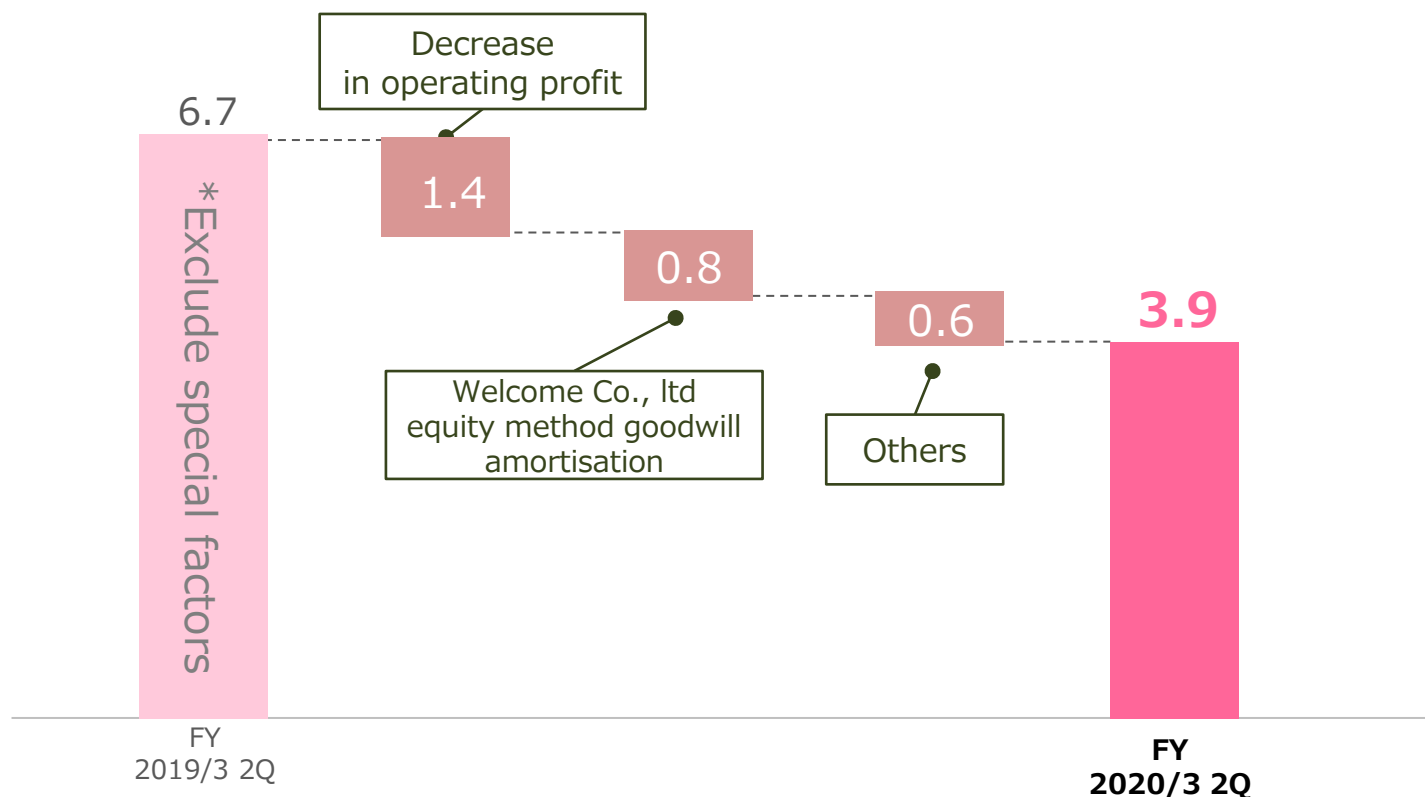
- 1 Promotional in Oisix 0.23bn yen**
 - Large-scale promotions of 1Q
 - Strengthen promotions in Sep. when lifestyle changes
- 2 Temporary expenses for Oisix expansion 0.20bn yen**
 - Additional warehouse leasing expenses, transport expenses, etc. due to the rapid growth
- 3 Oisix prime pass 0.07bn yen**
 - Discounts cost : Upfront investment to improve LTV
- 4 Daichi and Radish-Boya 0.09bn yen**
 - Increase in fixed cost ratio due to decrease in sales

Net Income comparison with FY3/2019 2Q

※For the purposes of like-for-like YoY comparisons, one extra month of Radish Boya data (March 2018) was deducted from FY 2019/03 data.
*Excluding the effect of reduced corporate tax (approx. 150 million in the first half) resulting from the merger of Radish boya

Net income decreased due to a decline in operating income and a fall in equity-method income taxes

■ Net income attributable to owners of the parent (bn yen)

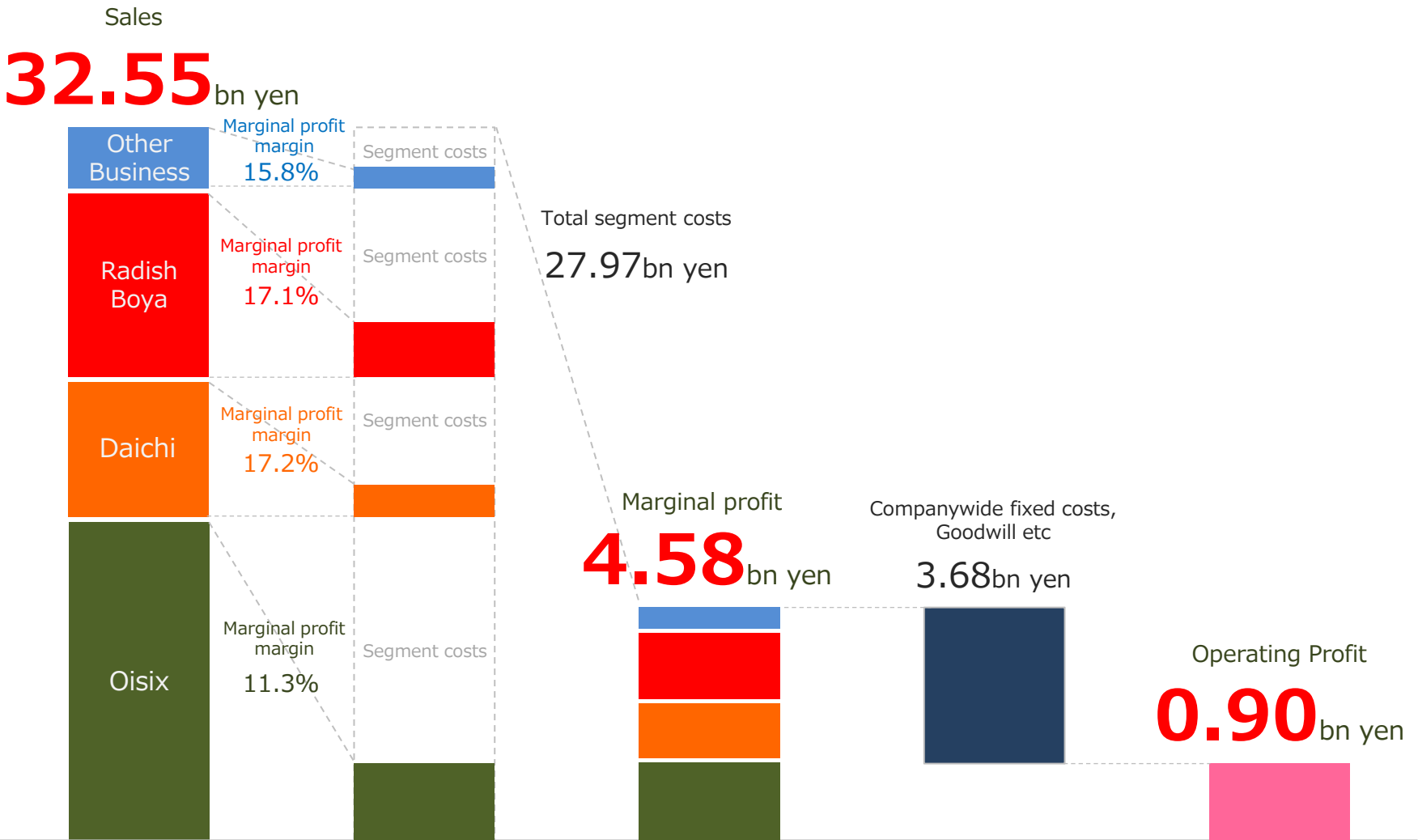


Business segment Results

※For the purposes of like-for-like YoY comparisons, one extra month of Radish Boya data (March 2018) was deducted from FY 2019/03 data.

	Sales	Marginal profit	Overview
Oisix	16.52bn yen (YOY +20%)	1.86bn yen (YOY ▲4%)	<ul style="list-style-type: none"> •Accelerate growth by capturing increased demand for meal kits •Upfront investment to expand customer acquisition
Daichi	5.13bn yen (YOY ▲6%)	0.88bn yen (YOY ▲8%)	<ul style="list-style-type: none"> •curbed promotions and completed operations excellence and service level improvement work •Start of service creation •Increase in fixed cost ratio due to decrease in sales
Radish Boya	7.45bn yen (YOY ▲11%)	1.27bn yen (YOY ▲16%)	<ul style="list-style-type: none"> •curbed promotions and continuous operations excellence and service level improvement work •Increase in fixed cost ratio due to decrease in sales
Other Business	3.53bn yen (YOY +32%)	0.56bn yen (YOY +87%)	<ul style="list-style-type: none"> •Increasing profits by making foods wholesale business for nurseries profitable •Steady growth in alliance business

Business segment Results Overview



2. Results on Business segment

Overview of Business Segments

① Domestic Delivery business (Three major brands)

- Oisix
- Daichi
- Radish Boya

② Domestic Delivery business (Other)

- EC support business for other companies (Alliance)
- Tokushimaru (Subsidiary)

③ Other Business

- Overseas Business
- Real Retail Business

Overview of Business Segments

Domestic Delivery business
(Three major brands)

Domestic Delivery business
(Other)

Other Business

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Oisix KPI

Domestic Delivery business
(Three major brands)

Domestic Delivery business
(Other)

Other Business

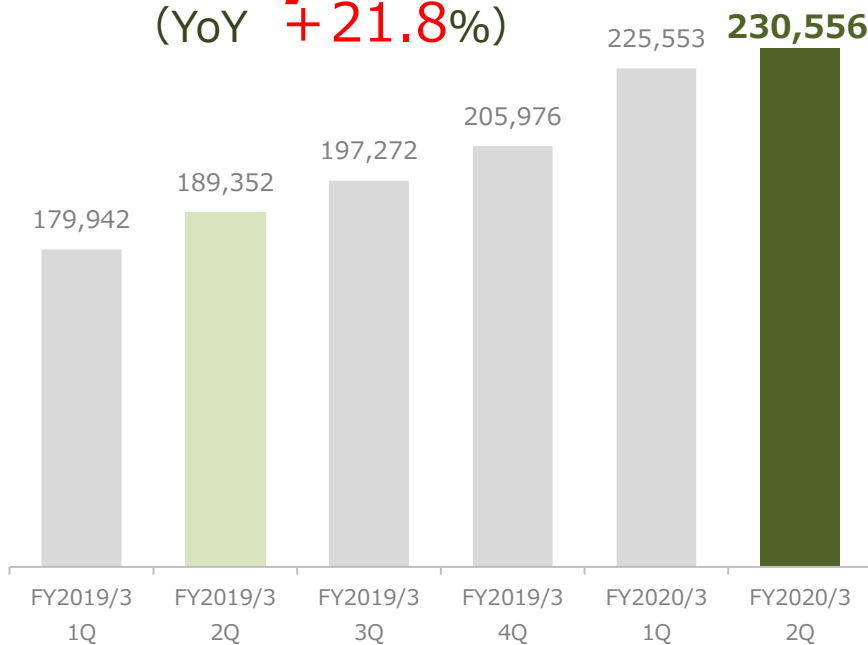
No. of subscribers: Increased more than 20% year-on-year, despite the impact of initial customer withdrawals gained through large-scale promotions in 1Q.

ARPU: Decreased due to an increase in new light users as a result of large-scale promotion

■ No. of subscribers

230,556

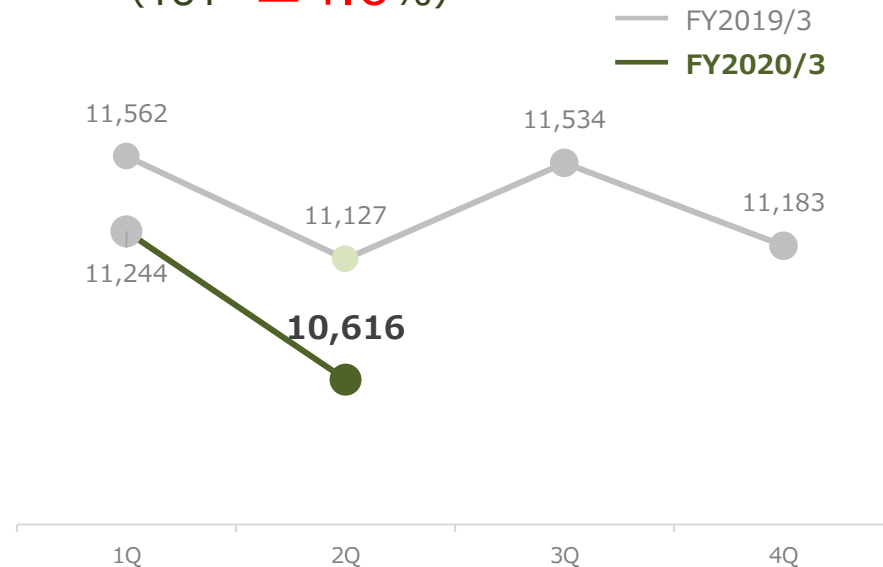
(YoY **+21.8%**)



■ ARPU※

10,616 yen

(YoY **▲4.6%**)

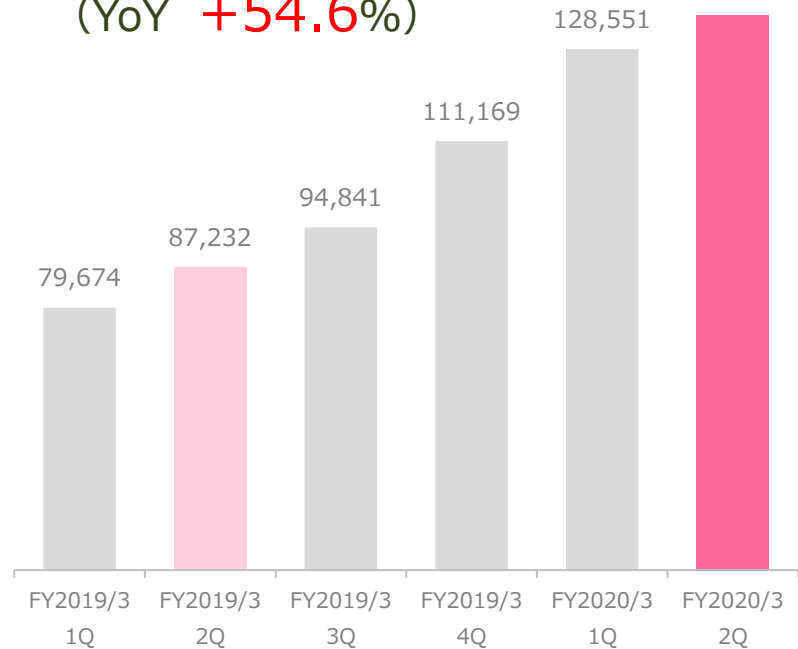


Exceeded 130,000 by capturing growing demand for meal kits.
Significant year-on-year growth of over 150%

■ No. of meal kit course subscribers (Includes Oisix subscribers)

134,895

(YoY **+54.6%**)



■ 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.

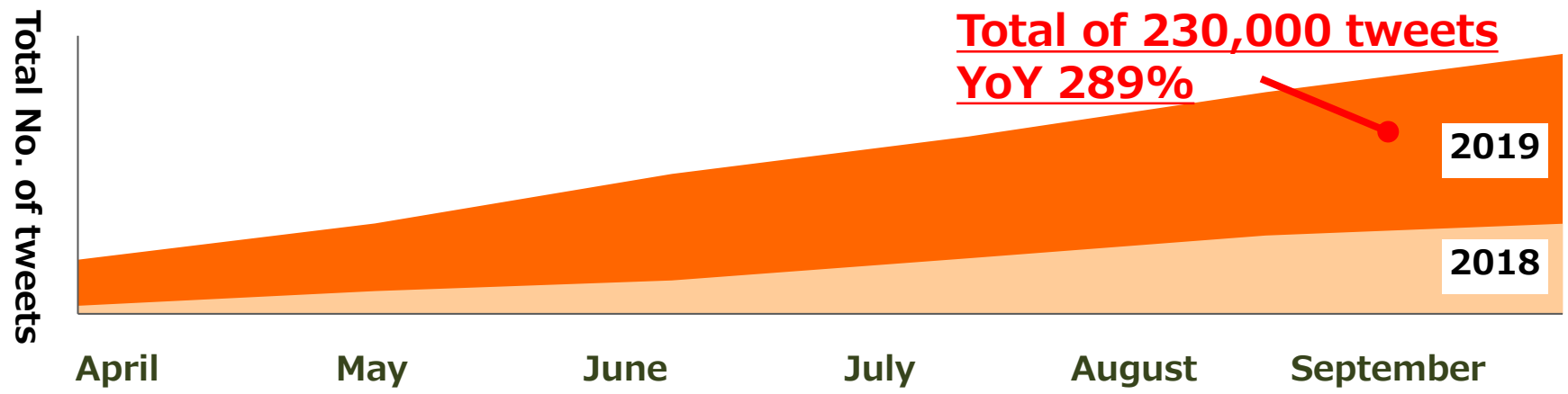


Oisix Topics

Domestic Delivery business (Three major brands)
Domestic Delivery business (Other)
Other Business

Advertisements sending a message to mothers raising children collaborative with an animation “Crayon Shin-chan” has gone viral, and media exposure increased, such as 13 TV publicities etc., attracting consumer interest

■ Cumulative Twitter word-of-mouth reviews of Oisix



No. of TV Publicities

2

1

2

6

2

Collaborative advertisements

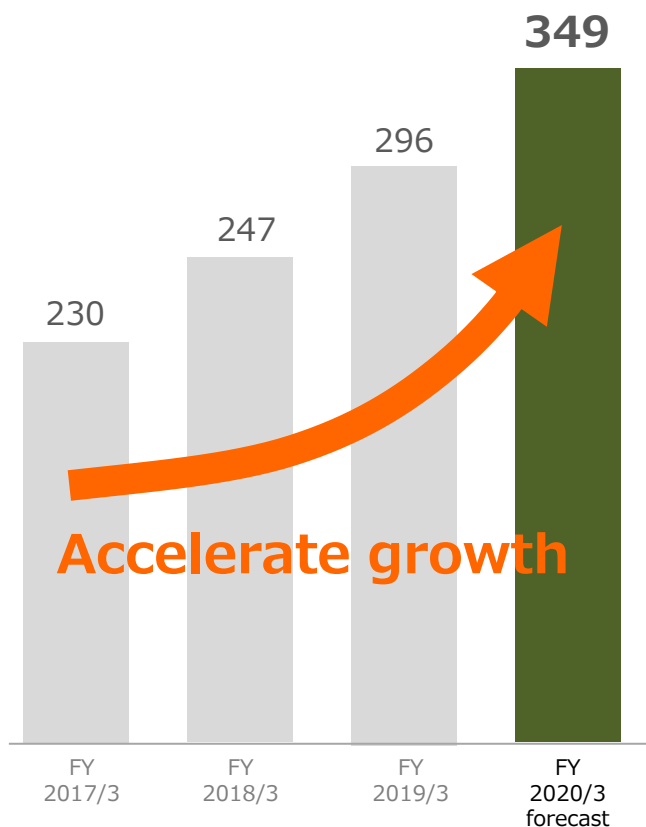


Oisix ra daichi

© Yoshito Usui, Futabasha, Shinei, TV Asahi, and ADK

Service development following the Kit Oisix has also progressed steadily, releasing services for new value propositions such as menu and food set for several days and expansion of flat-rate services.

■ Oisix Business Sales Trends (bn yen)



■ “Chanto” Oisix*



The number of users of materials and menu set “Chanto Oisix” for those who do not like cut vegetables has exceeded 10,000.

As a new service following “Kit Oisix”, we will continue to refine and plan to expand promotions.

■ Oisix Prime Pass



The “Oisix Prime Pass” launched at the end of June also performed well. Cost impacts from discounts in the short term, but there are signs of LTV improvement

Sales of Vegan Kit supervised by U.S. subsidiary
Purple Carrot started in October.

Creating a market where you can enjoy "Part-time Vegan" in Japan

■ Vegan Meal Kit

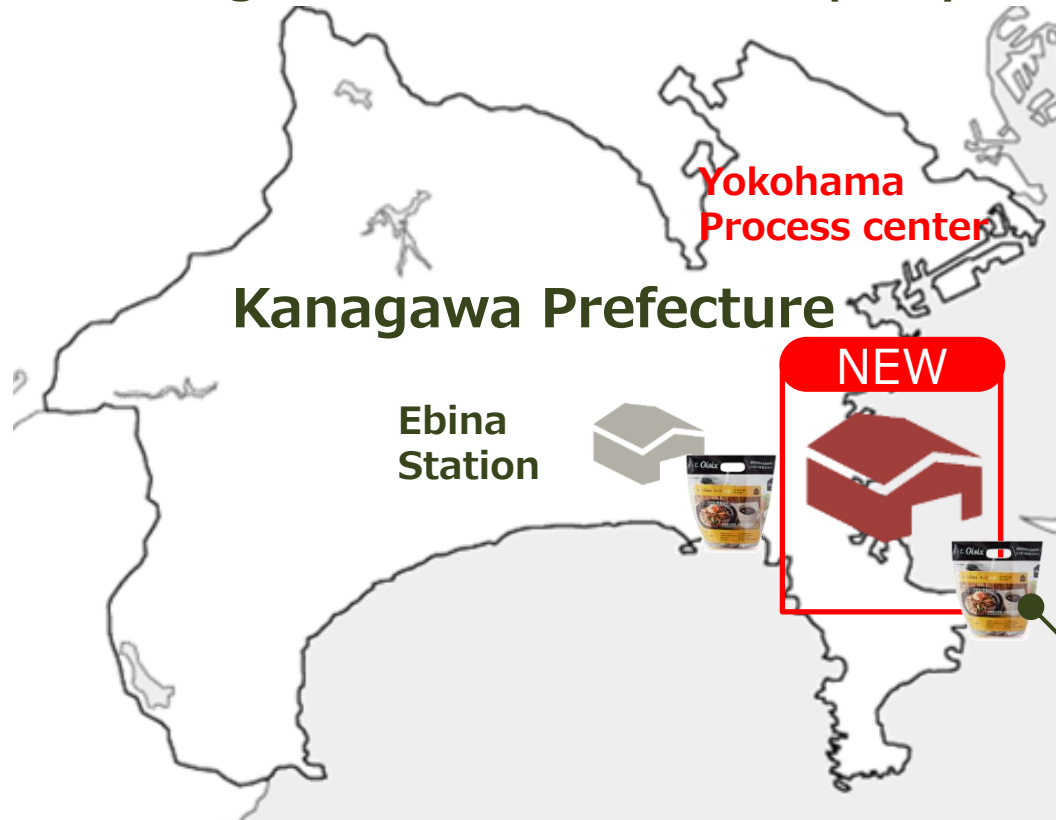


- ✓ Jointly developed Japan's first "Vegan foodstuffs and recipe menu set." More than 10 types of vegan recipes are scheduled to be deployed by the end of the year.
- ✓ Real events are also held with the aim of driving the Japanese market for "Part-time Vegan."



The production function has been relocated to a new factory, even though temporary sales out and costs increase due to growth beyond what Kit Oisix expected. **Logistics manufacturing capacity increases and stable operation is expected from the second half.**

■ Boosting Kit Oisix manufacture capacity



Start of new Kit Oisix
process center in
Kanazawa-ku, Yokohama
from September

Daichi KPI

No. of subscribers :

Continuing to prioritize product/service design and in the curbing of inefficient channels in the area of customer acquisition.

ARPU :

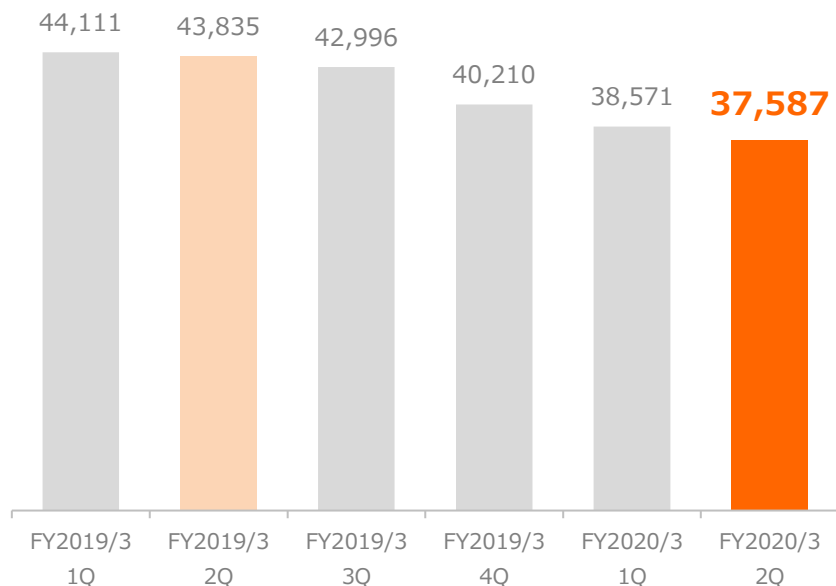
Increased owing to analysis of customer acquisition channels and effects of existing customer purchase frequency/ customer baskets.

Domestic Delivery business (Three major brands)
Domestic Delivery business (Other)
Other Business

■ No. of subscribers

37,587

(YoY $\triangle 14.3\%$)

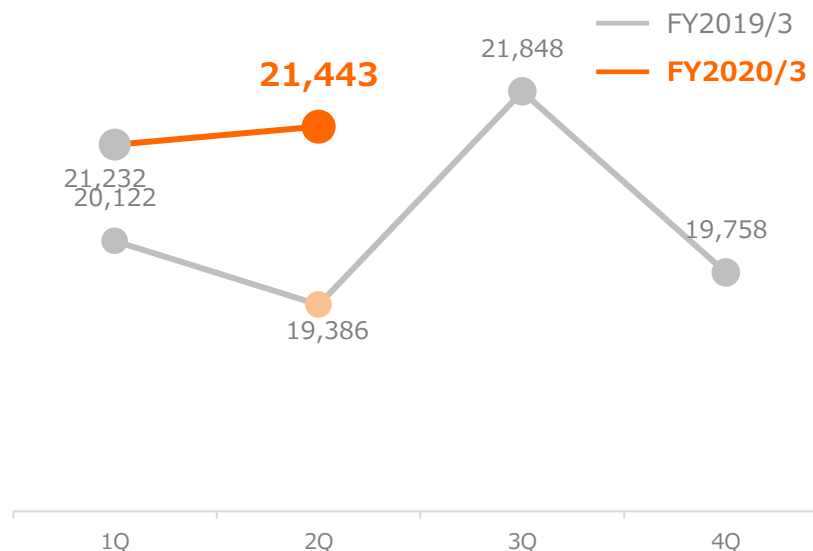


■ ARPU[※]

21,443

 yen

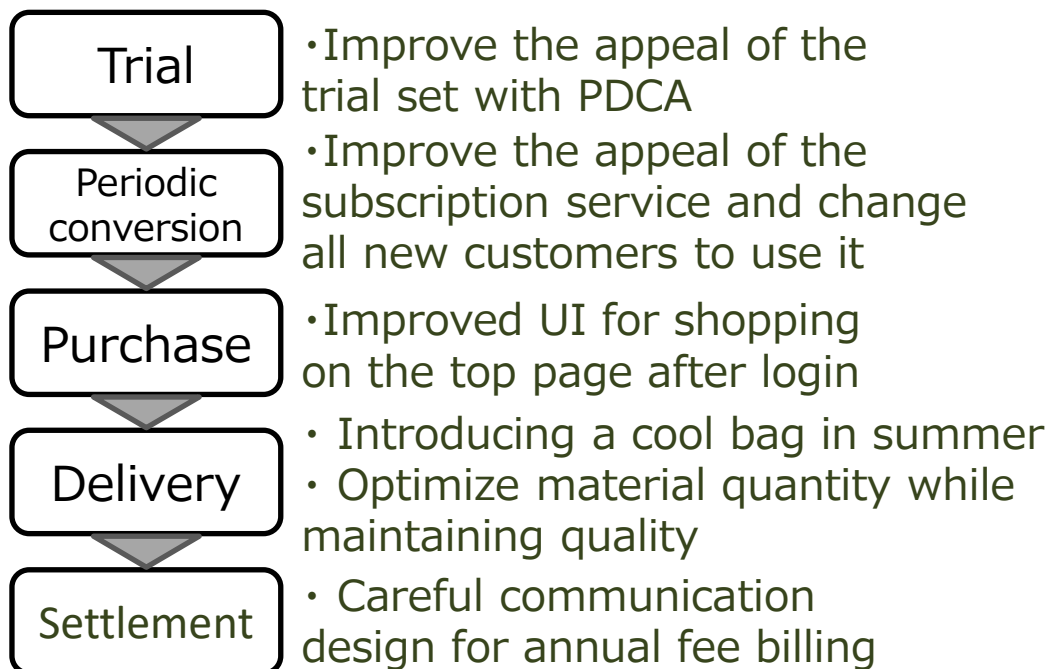
(YoY $+10.6\%$)



Progress in service creation and completion of preparations for expansion

Membership volume bottoms out during the 3Q and aims for renewed growth in 2H

■ Improving Operational Excellence Services ■ Service creation



"Mai-nichi Yasai Okazu Set"

A set of foodstuffs delivered with five days' worth of vegetables and other side-dishes

To a service in which customers feel that they are connected to the fields through a healthy dining table

Improve negatives of services in line with customer behavior, and achieve a balance between Acquisition and cancellation

Domestic Delivery business (Three major brands)
Domestic Delivery business (Other)
Other Business

Radish Boya KPI

No. of subscribers :

Continued decline owing to improved profitability of existing subscribers and curbing of new customer acquisitions.

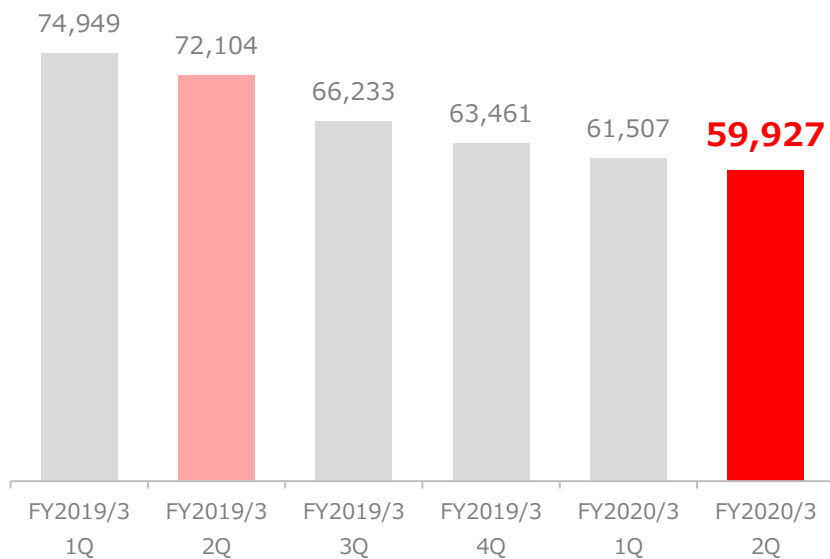
ARPU :

Increased owing to a reduction in unprofitable users and the resulting improvement in average customer baskets.

■ No. of subscribers

59,927

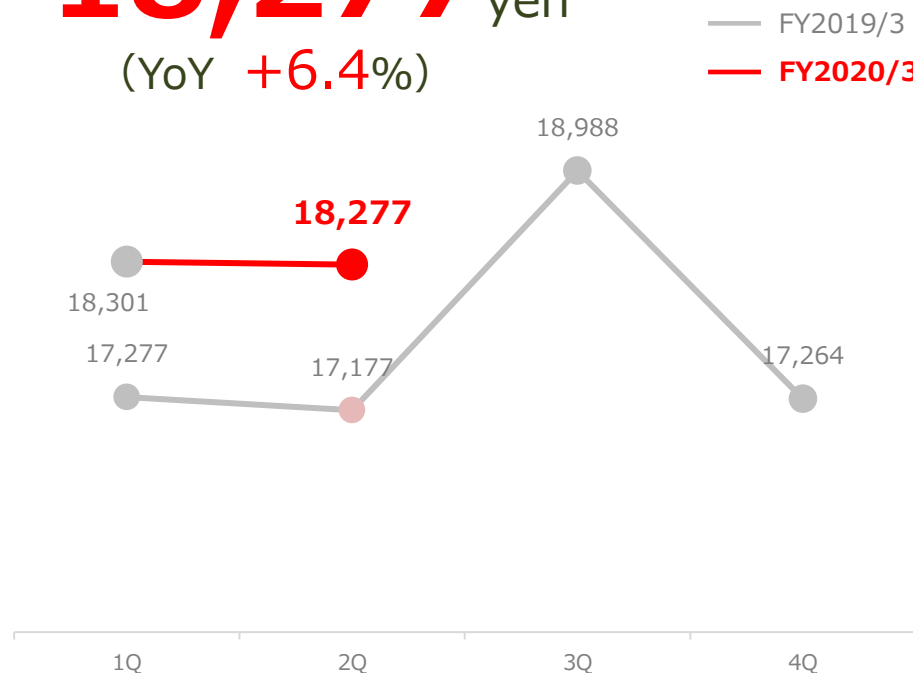
(YoY $\triangle 16.9\%$)



■ ARPU_※

18,277 yen

(YoY $+6.4\%$)



While efforts to reduce unprofitable orders have been completed, the company will continue to prepare for further expansion and create services. As a result, membership is expected to continue declining during the current fiscal year.

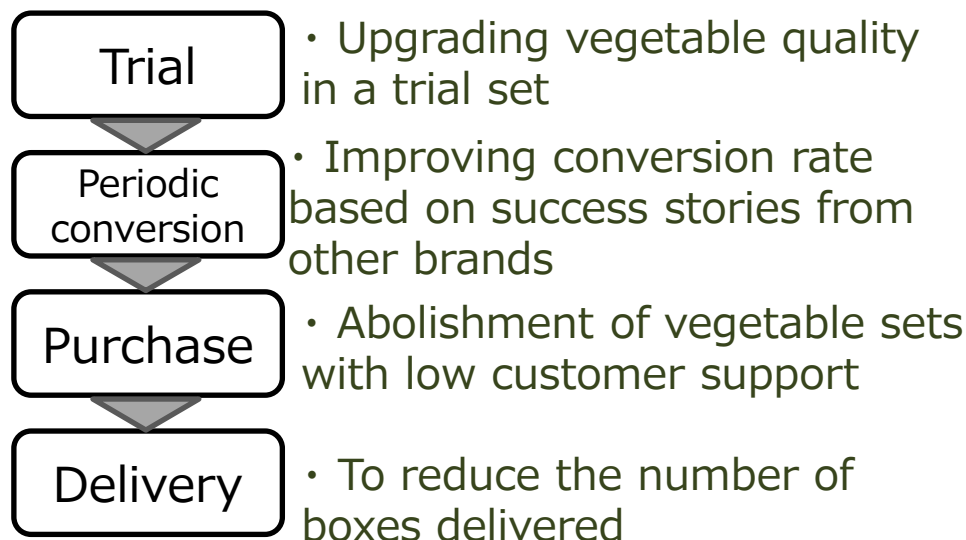
■ Reducing unprofitable orders



Since last year's revision to the delivery fee, we have continued to increase basket price by strengthening the periodic purchase and sales promotions for daily-use products, and by instilling purchasing habits.

Reduced unprofitable orders from about 40% before integration to about 6% at the end of the first half

■ Improving Operational Excellence Services



Continue to reduce cancellation and improve acquisition by eliminating negative services
Go ahead and create a "balance between acquisition and cancellation"

Integration synergy of three brands

Domestic Delivery business
(Three major brands)

Domestic Delivery business
(Other)

Other Business



~FY2019/03

FY2020/03 1H

from now on

Marketing

- Launch of Daichi or Radishnoya sales corner in Oisix

Sales: 0.33bn yen/year

- Improvement in the cost of acquiring users of Daichi and Radish Boya

⇒ Approximately halved compared to before integration

- Streamlining promotional and promotional expenses

Sales: 0.80bn yen/year

- **Introduction of cross-promotion methods**
 - Distribution of fish or new rice
 - Oisix non-food promotion
 - Early acceptance of orders, etc.
- **Horizontal deployment of expertise in improving the UX of EC websites**
 - Changes to the redemption page UX, etc.
- **Flexible collaboration to support disaster-stricken areas in the event of a disaster**

- Developing new services on Daichi and in Radish by leveraging Oisix's know-how in introducing new services
- Use of marketing synergies with Oisix in the nursery school wholesale business that had been owned by Radish Boya

Fulfillment

- Decrease in distribution center costs due to the integration of small-scale distribution bases (Wako Depot)

Costs: 0.02bn yen/year

- Standardization of packaging materials

Costs: 0.02bn yen/year

- Efficiency of settlement costs

Costs: 0.05bn yen/year

- Increasing efficiency of back office

Costs: 0.16bn yen/year

- **Decrease in distribution center costs due to integration of small-scale distribution bases (Kohoku Depot)**

Costs: 0.02bn yen/year

- **Interchange to accommodate the capacity of distribution centers by consolidating BtoB bases**

- **Decrease in out-of-stocks due to supply adjustments between brands**

- Optimize logistics centers (partially completed)
- Organizing the three-brand producer network "ORD Producers' Association (tentative)"
- Standardization of the in-house infrastructure system

Oisix ra daichi

Overview of Business Segments

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③ Other Business

- Overseas Business
- Real Retail Business

Alliance projects

Domestic Delivery business
(Three major brands)

Domestic Delivery business
(Other)

Other Business

Steady expansion of EC support businesses utilizing our strengths of "Subscription e-commerce know-how" and "logistics schemes"

■ d-meal kit

- ✓ In just 2 months since launch, 8,000 trial sets were sold and over 1,000 new subscriptions were secured. Going well.



■ ISETAN DOOR

- ✓ Exceeded 14,000 user the fastest rate in our EC-support business



Tokushimaru(subsidiary)

The pace of increase in the number of vehicles in operation is rising, and it has grown to 440.

The value of circulation is also expected to grow significantly, and total transaction value is expected to exceed 10 billion in this fiscal year.

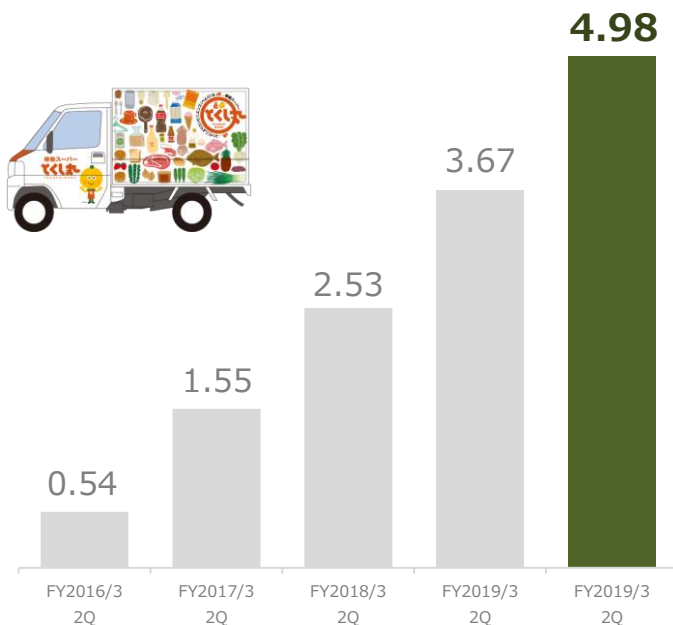
Domestic Delivery business
(Three major brands)

Domestic Delivery business
(Other)

Other Business

■ The value of circulation

4.98 bn yen
(YoY +35.5%)



■ Development Scale

Number of affiliated
supermarkets

118

Number of vehicles
in operation

440



Overview of Business Segments

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(Three major brands)

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(Other)

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Overseas Business

Domestic Delivery business
(Three major brands)

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(Other)

Other Business

Hong Kong/China :

Implementing a revamp of services for the people of Hong Kong and China.

U.S.(Purple Carrot) :

Reduced error rate through measures to change packaging materials.

■ Oisix Hong Kong



- ✓ With the aim of identifying and establishing a winning pattern to attract customers in Hong Kong, we are implementing new strategies away from trial sets.

■ U.S.(Purple Carrot)



■ Oisix Shanghai



- ✓ With the aim of establishing a Chinese subscription model, CXO will be based in China to identify needs and formulate strategies.
- ✓ The error rate has been reduced by approximately 20% due to efforts to change materials.
- ✓ We also reduced the rate of complaints by approximately 20% through ongoing efforts with distribution partners.

Domestic Delivery business
(Three major brands)

Domestic Delivery business
(Other)

Other Business

Real Retail Business

Sales grew at both SinS/ Kindergarten Wholesale. In particular, the wholesale nursery business returned to profitability in the first half of the fiscal year due to a significant improvement in its earnings structure.

We accelerate expansion of business partners in the future

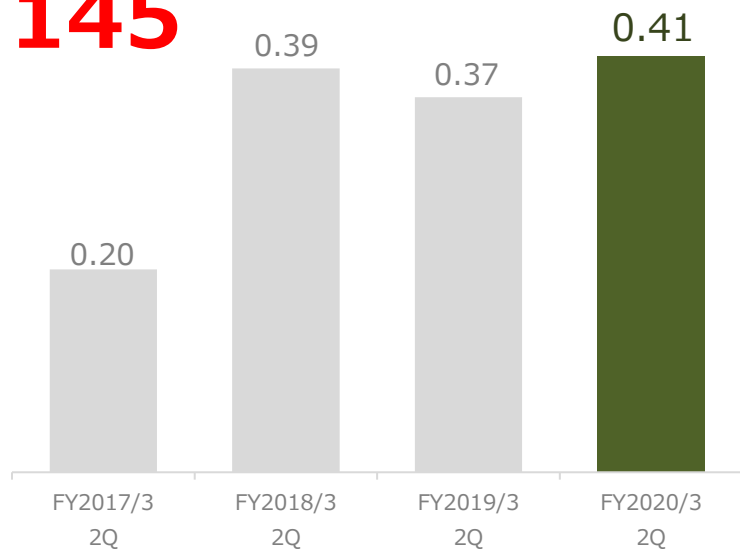
■ Shop in Shop

Sales

0.41 bn yen

No. of shops

145



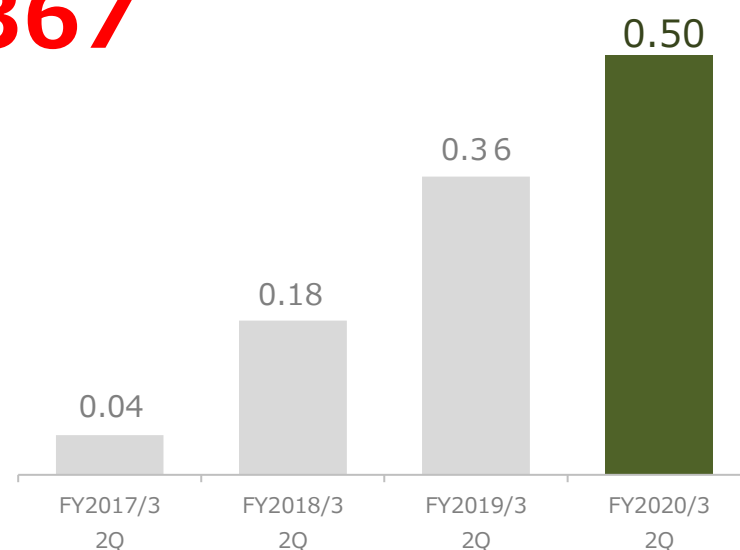
■ Kindergarten Wholesale

Sales

0.50 bn yen

No. of trading
kindergartens

367



DEAN & DELUCA (affiliate)

Domestic Delivery business
(Three major brands)

Domestic Delivery business
(Other)

Other Business

With DEAN & DELUCA, which became an affiliate in May, we will strengthen joint efforts to develop Kit Oisix recipes and “Osechi”.

■ Homemade scone Kit



焼き立ての香りがごちそう！
朝食にも、手作りスコーン

販売期間：12/16(木)～18(土)まで

DEAN & DELUCAの
ジャムも一緒にどうぞ

半割がかるスコーンをおならかんたん。クロテッドクリームは、生地に加え
り込みサクサクの食感に。仕上げにあってもお好みのジャムをつけたりパ
ーシェン醬かにかきこんで。



トリプルストラスベリーマレード

オレンジ、レモン、グレープ
フルーツの3つの柑橘系果実に
使用。ほのかな苦みと酸やかな
香りを楽しめます。

チェリービノワール

ごちうに入れたミラーの家庭
感と、ビノワールのワインの
香りが楽しめます。お茶は甘酸
っぱいフルーティーな味わい。

キウイ&シャルドネ

やさしい酸味のキウイとキウ
としたシャルドネのワインの香
りが特徴。上品な甘さを楽しめ
ます。

■ 2020 “Osechi” collaboration



Nihon Agri (affiliate)

Domestic Delivery business
(Three major brands)

Domestic Delivery business
(Other)

Other Business

Nihon Agri, which exports domestic vegetables and fruits, is seeing good business expansion. **Sales for this term are expected to be about 2.5 times the previous year.** Initiated handling of fruits and vegetables of Oisix ra Daichi's contracted producers.

■ Nihon Agri



Exports of domestic fruits and vegetables will begin with the building of a value chain.

- ✓ Led by apples from Aomori Pref., we are implementing a program of exports. Recently, the fruit and vegetable producers with which we have contracts have also begun participating. This has served to expand item selection. Led by Thailand, export destinations also expanded to six countries.
- ✓ At the Catapult Grand Prix, an ICC festival of startup companies, Nihon Agri's business model was evaluated highly and ultimately won.



3. Future growth strategy

- ① **Business growth plan**
- ② **Profitability enhancement plan**

- ① **Business growth plan**
- ② Profitability enhancement plan

Our business portfolio

Strengthen domestic and real businesses

DEAN & DELUCA
(20% stake)

SinS

Real Shop

Kindergarten
wholesale

**Subscription Business
growth in line with
growth model**



Generation

dミールキット

Focusing on convenience

**Overseas expansion of
subscription know-how**

Oisix
Hong Kong

Oisix
Shanghai

PURPLE CARROT

Future Food Fund

**Start-up support
using existing
businesses**

Domestic

Overseas

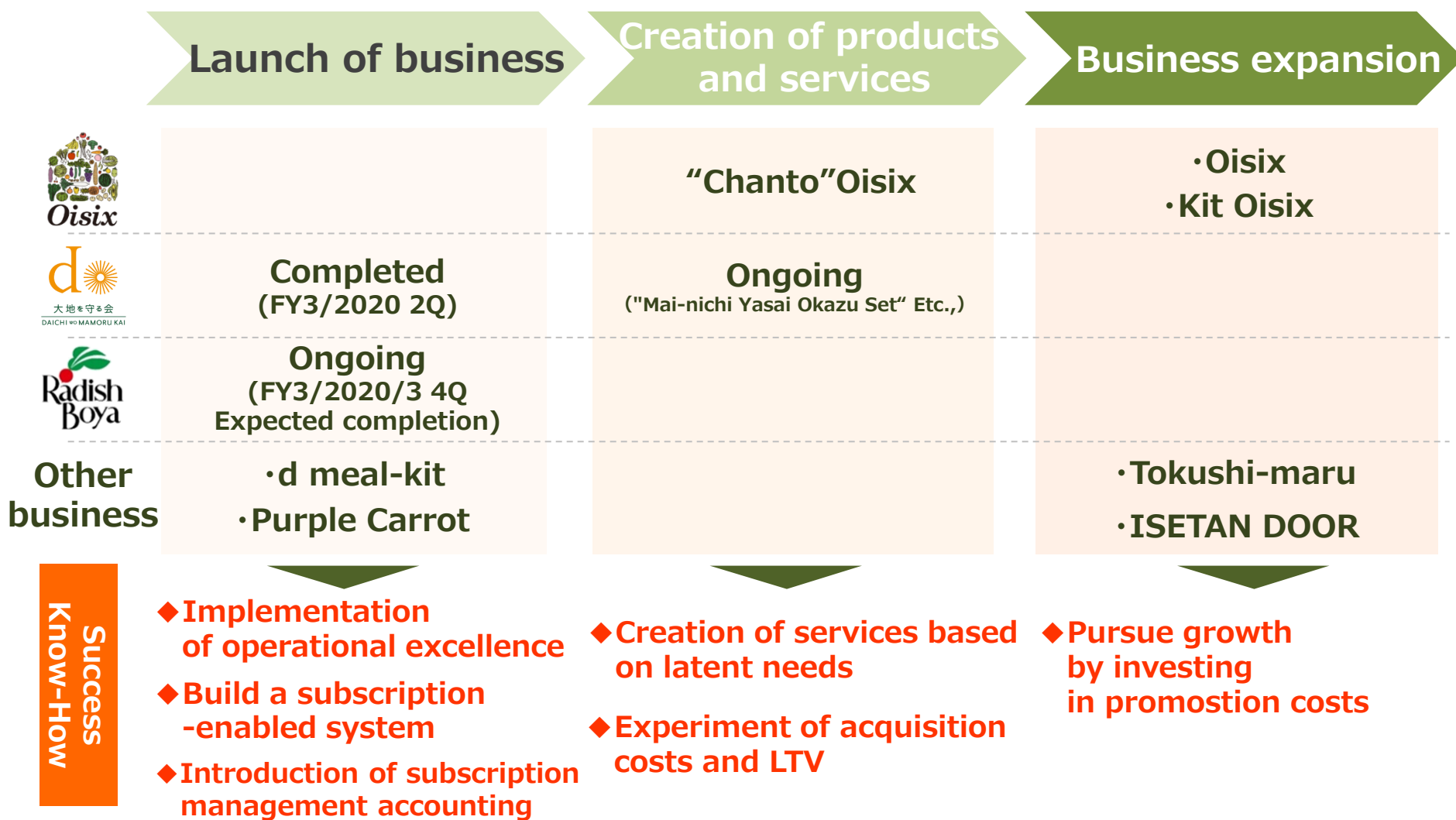
Marketing

Fulfillment

**Support
for
Start-ups**

Business phase of the Home delivery business

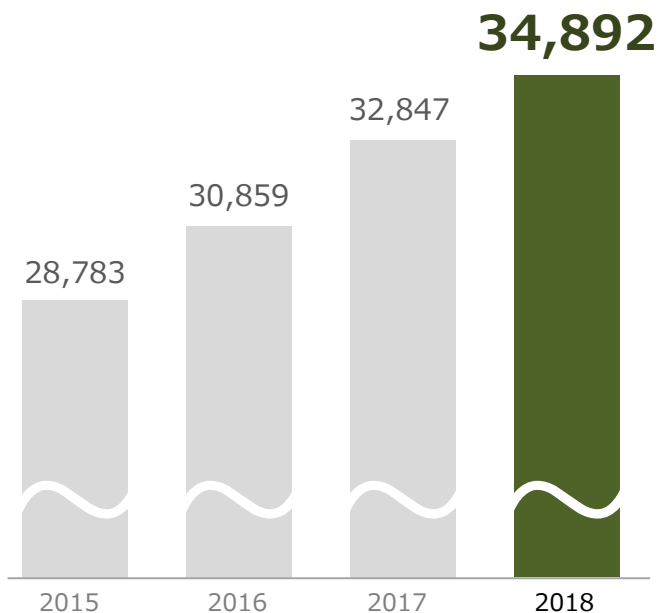
We own success Know-How for all business phases in subscription management



リアル事業の拡大

In the kinder garden wholesale business, we turned profitable and strengthened promotions. We aiming to introduce the system to 2,000 within a few years

■ Trends in number of nursery schools in Japan



- ✓ The number of nursery schools has been increasing year by year with the acceleration of women's participation in society.

Oisix ra daichi



Building a system that allows children's dining tables at Kinder garden and at home

Building an ecosystem to stimulate food innovation

We can build an ecosystem that comprehensively supports food start-ups utilizing our strengths in upstream to downstream networks.

Oisix ra daichi

Financial Support

Future Food Fund

Matching with producers

ROUTREK NETWORKS

Matching producers with the introduction of Agri-Tech

● **NIHON AGRI, INC.**

Matching Producers to expand exports



Food Start-ups

New Foods

Health Care

Agri-Tech

Sales support



"YES BAR",
Japan's first gluten-free snack bar on land



"CLR BAR",
a protein-bar made solely from vegetable raw materials

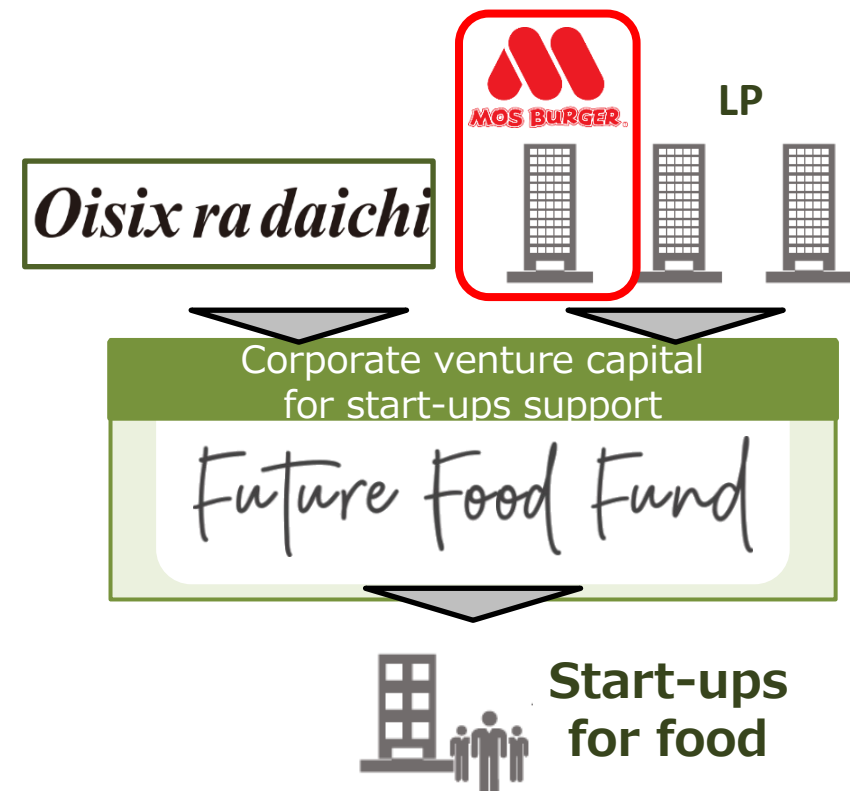


Frozen fruit
in a special frozen technology

Investments by Mos Food Service and consideration collaboration

Mos Food Services, Inc. decided to invest as a limited partner in Future Food Fund, which was established in August of this year. **We concurrent discussions on brand collaboration**

- Decided to invest as LP of FFF



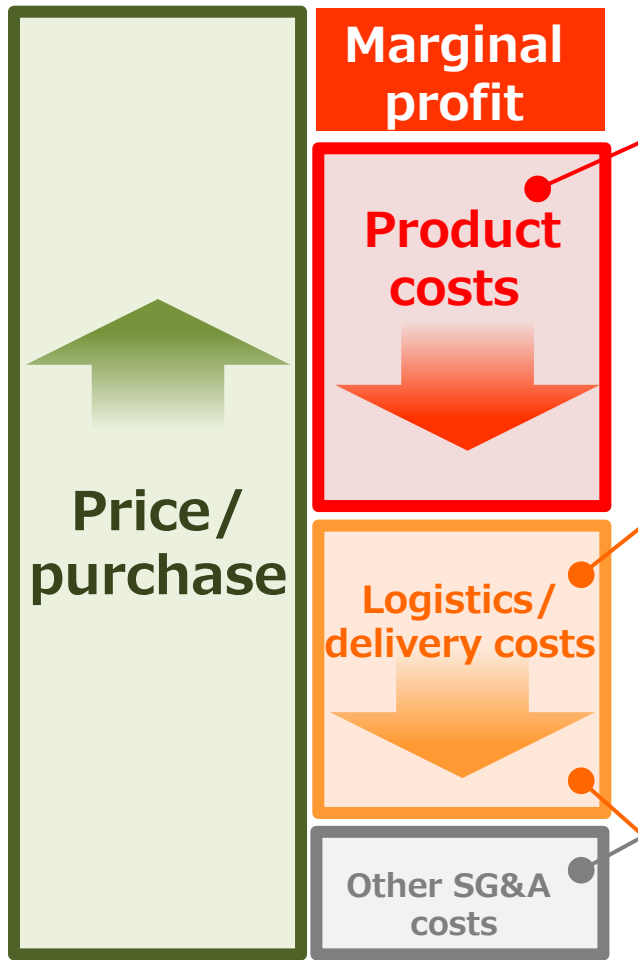
- Considering collaboration with the aim of developing products in the spring of 2020



- ① Business growth plan
- ② **Profitability enhancement plan**

Overview of profitability enhancement

We work to reduce products/distribution costs etc., to improve profit structure



⇒ Marginal profit +3.0pt~5.0pt

■ Efforts to improve product costs

- 1 Improvement of Procurement Logistics through "VegeNeco" Project ▲0.5pt~▲1.0pt
- 2 Reduce products cost by accelerating the shift to SPA ▲1.0pt~▲3.0pt

■ Initiatives to improve distribution centers and distribution costs

- 3 Reduce distribution center costs by starting operation of a new distribution station in Oisix ▲1.0pt

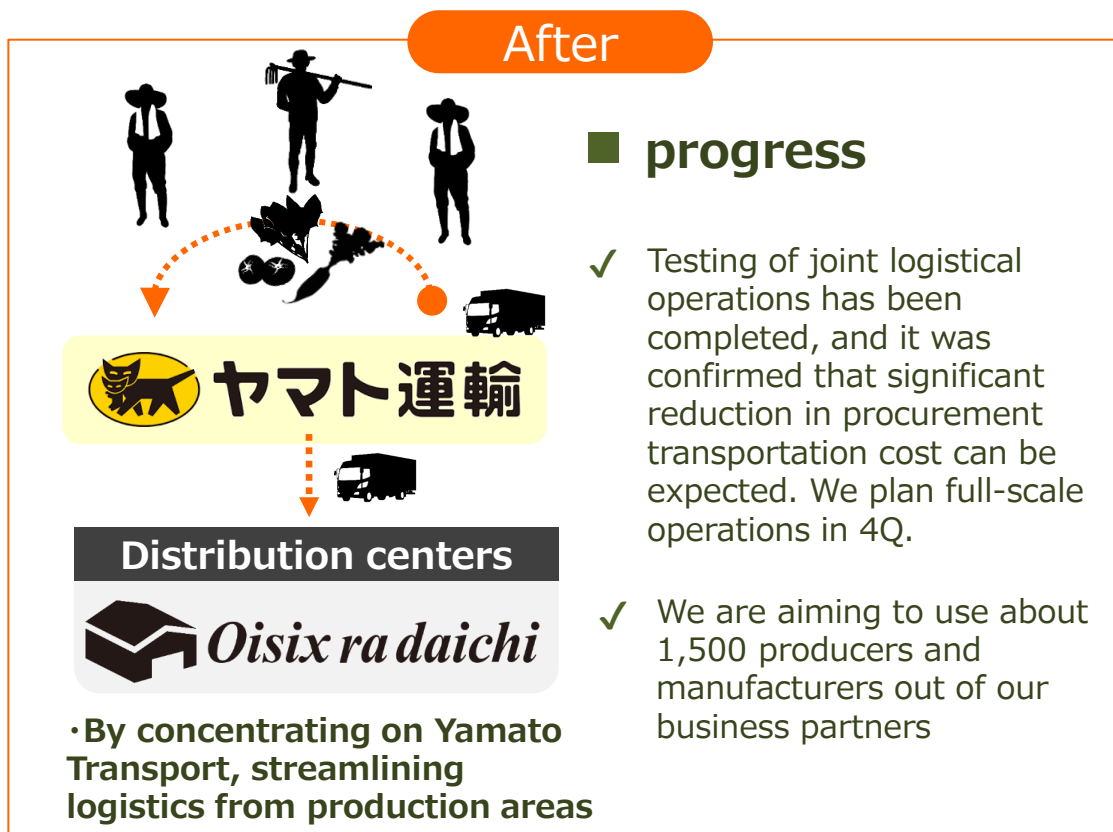
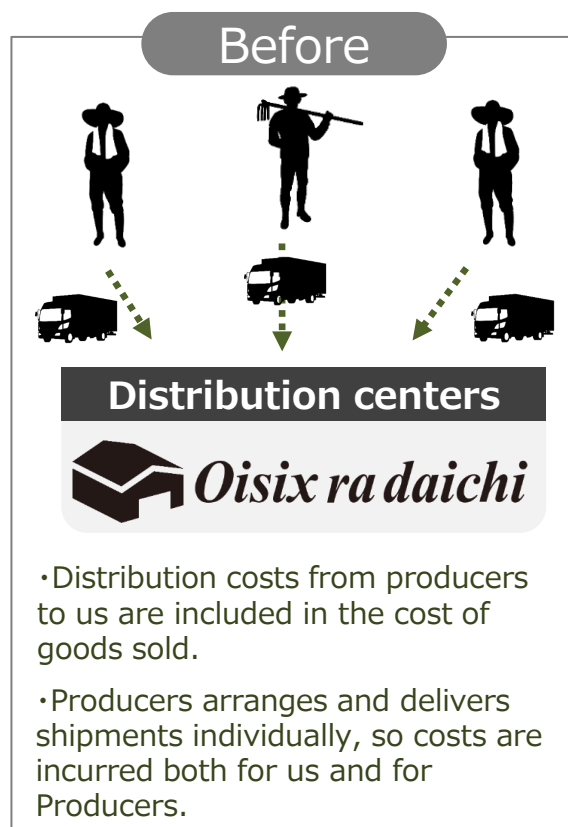
■ To reduce the ratio of fixed operating costs

- 4 Improve average customer spend by strengthening product lineup ▲0.3pt~▲0.5pt

“VegeNeco”Project

Good progress in our joint project with Yamato Transport.
Testing of joint logistical operations has been completed. We plan full-scale operations in 4Q.

① “VegeNeco”Project : ▲0.5pt~▲1.0pt



Accelerating the shift to SPA

Rather than merely becoming a "platforms," **we will improve the private Brand ratio and reduce manufacturing costs** by strengthening development and manufacturing.

② Accelerating the shift to SPA : ▲1.0pt~▲3.0pt

■ Private Brands Ratio (Ratio to Sales)



- ✓ Promote mechanization of manufacture of meal kits, salad kits, etc.,
- ✓ In-house meat processing etc.,

Strengthen manufacturing and development functions upstream of the supply chain to reduce product costs

Investing in and reorganizing distribution centers

In line with the rapid expansion of the Oisix, we decided to start in advance of the expansion and streamlining of its capacity. **We will promote automation of warehouse operations and expect to reduce distribution center costs.**

③ Started operation of a new distribution station in Oisix : ▲1.0pt

- ✓ Enhancement and streamlining of logistics and Kit Oisix manufacturing capacity through operation of new Ebina Station
- ✓ Initial investment is expected to be approximately 3 billion, but return on investment is expected as soon as possible by reducing logistics center costs by 1.0pt.

◆ Image of a new distribution station in Oisix



Improve average customer spend by strengthening product lineup

We will establish new product categories that we do not currently handle, as well as product categories that are easy to appeal to high value-added customers. **And, we will improve the earnings structure per delivery by increasing the average customer spend.**

4 Improve average customer spend by strengthening product lineup

: ▲0.3pt~▲0.5pt

Vegetable/ Fruit



Meat/Fish



Grossary



...

NEW

**New
category**



4. Topics

Impact of typhoon disaster

Occurrence fact

Due to the typhoon No. 19, which occurred in October, Our operations at the Oisix Ebina Station were partially suspended.

We expect **to lose about 100 million yen in profits**, mainly from Oisix brands, compared with what would have been the case if shipped as usual.



Next Actions

- ① In response to this disaster, we will further strengthen our business continuity plan at the disaster.
- ② We will carry out recovery without the initial full-year Results Forecast Revisions.

Support for areas affected by typhoons

We Donated and supported sales of fruit and vegetables for typhoon-affected areas, which were severely damaged

■ Sales of donation soups

At Tokyo Harvest, we set up a Chiba Pref. support booth where we sold charity soup using ingredients from disaster stricken areas.



■ Supporting sales of non-standard products

We support sales of non-standard products that have been damaged by typhoons and heavy rain



■ Relief supplies

We delivered Mineral water to Soma and Iwaki in Fukushima Pref., two cities that suffered water outages owing to typhoon No. 19.



Tokyo Harvest 2019

“Tokyo Harvest 2019” was held at Komazawa Olympic Park for the seventh time. 45,000 visitors, far exceeding the number of visitors the previous year.



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.



Reduction of Food loss/ Waste Plastic

We are looking to reduce food loss and waste plastic,
both of which are social issues.

■ Reduction of Food loss

During Food Loss Reduction Month in October, we opened a special site to communicate our efforts under three delivery brands



■ Reduction of Waste Plastic

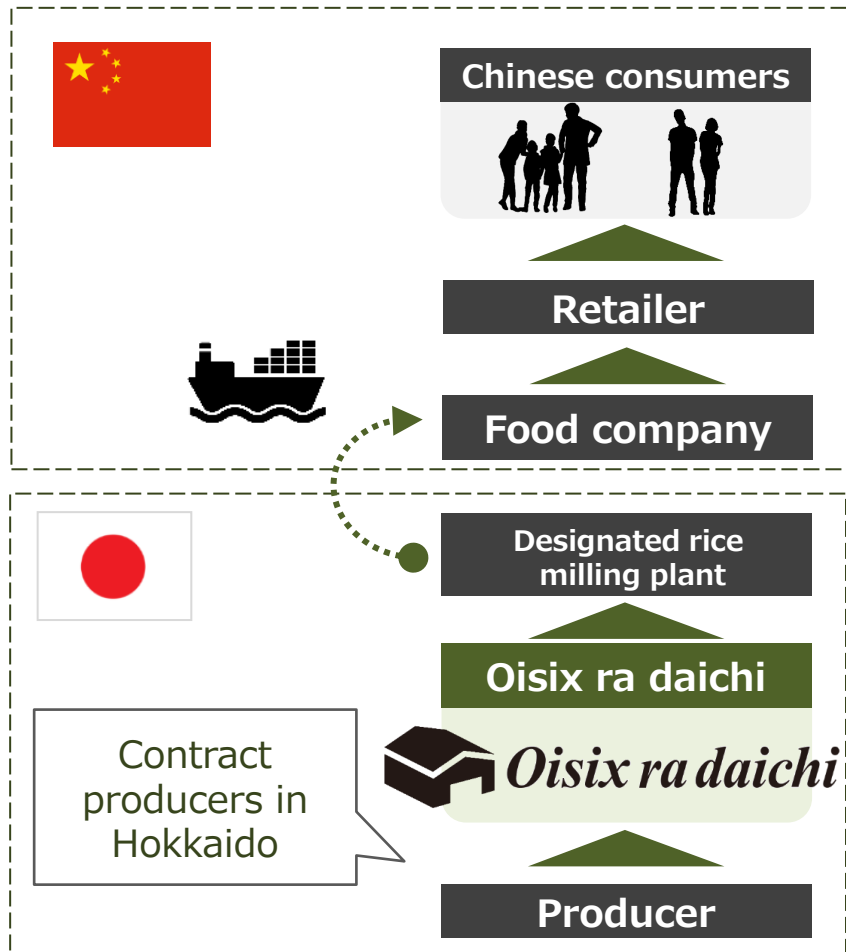
We plan to switch the plastic bags used in Kit Oisix from to naturally materials



Wholesale business to China

As we develop delivery business in China, we began wholesaling organic rice produced in Japan, which has high local needs.

We expand business by conducting activities to build stable sales channels



■ For expanding sales channels in China

- ✓ Exhibiting at the China International Import Expo held in Shanghai to further expand sales channels.



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 :	1,686,997 thousand yen
Employees :	735 (consolidated), as of the end of March 2019

Overview of Affiliates

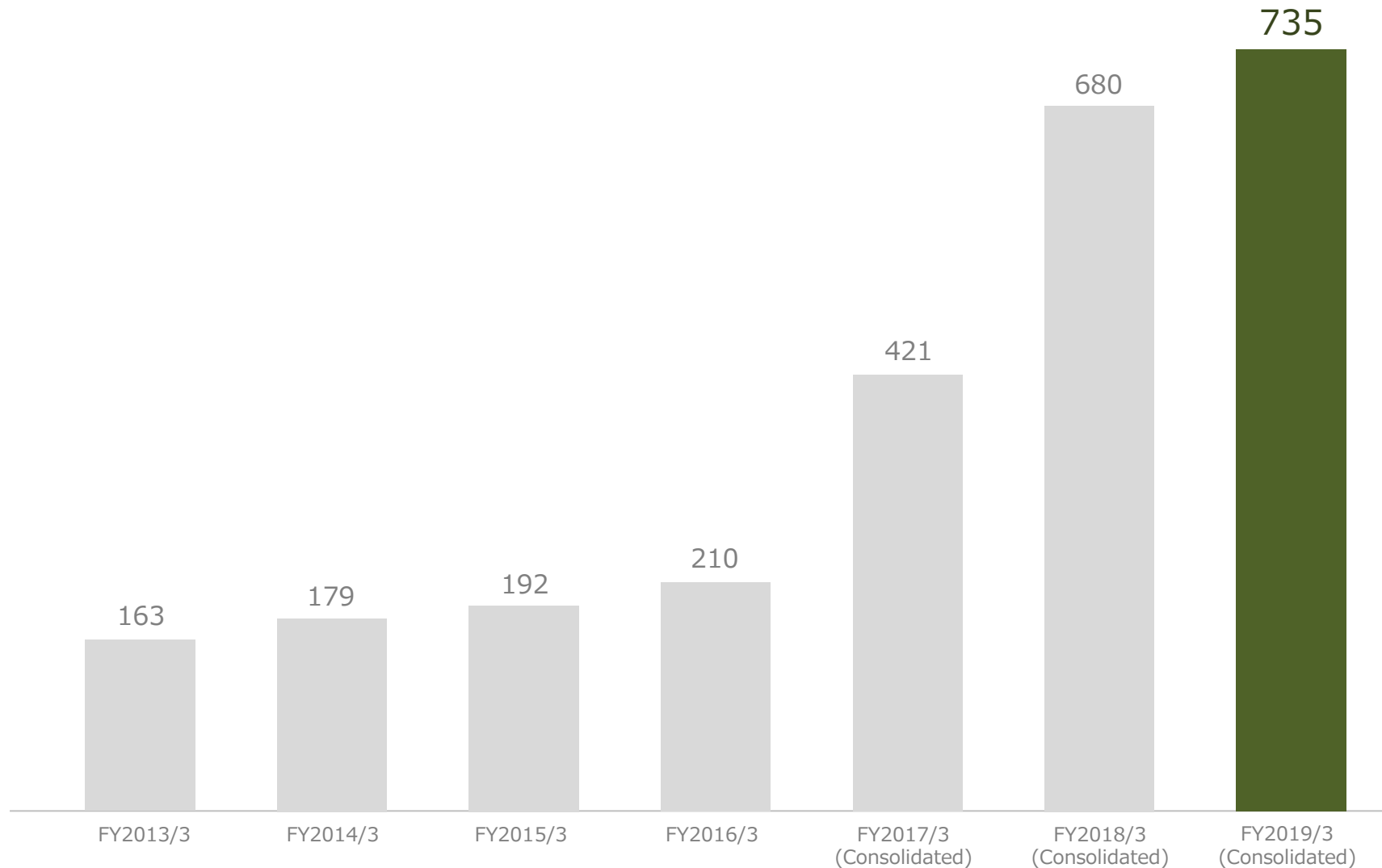
■ Consolidated subsidiaries

Tokushi-maru Inc.	Develops alliances with supermarkets in the mobile supermarket business; provides expertise to sales partners.
Fruits Basket Co., Ltd.	Handles processing, product development, and sales, for agricultural produce, including fruits and vegetables.
Karabiner Inc.	Develops and operates platform systems for EC sites; produces websites.
Crazy Kitchen Co., Ltd.	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.
Purple Carrot	Meal kit delivery service in the United States
Oisix Inc.	Overseas investment business

■ Affiliates

Nihon Agri Inc.	Exports agricultural products.
DEAN & DELUCA	Lifestyle business through retail and restaurant businesses Manufacture and sale of imported and processed foods, and operation of cafes

Trend in No. 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.



■ 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 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.

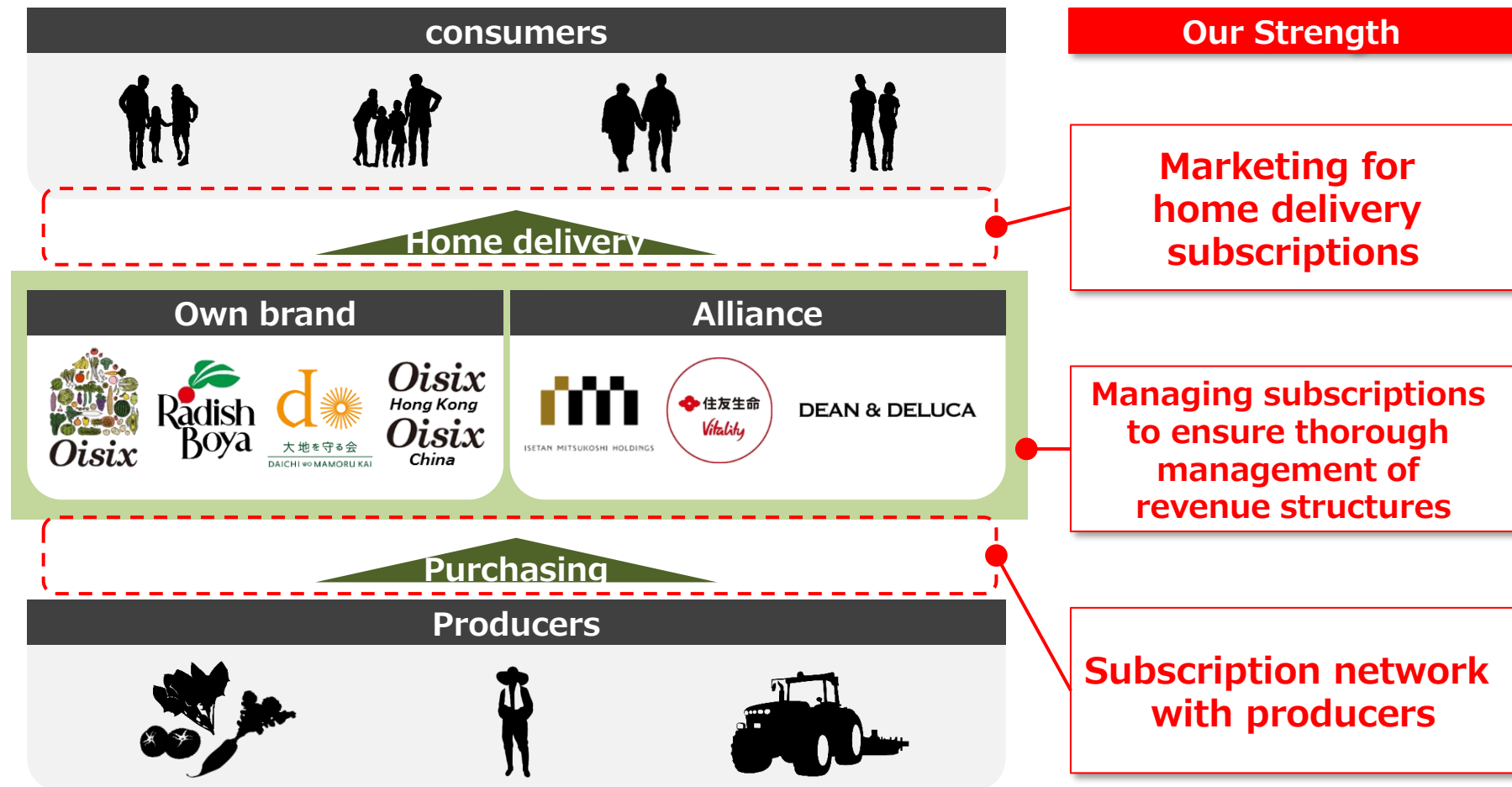
■ Effects of relationship with Yamato Transport Co., Ltd.

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.



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

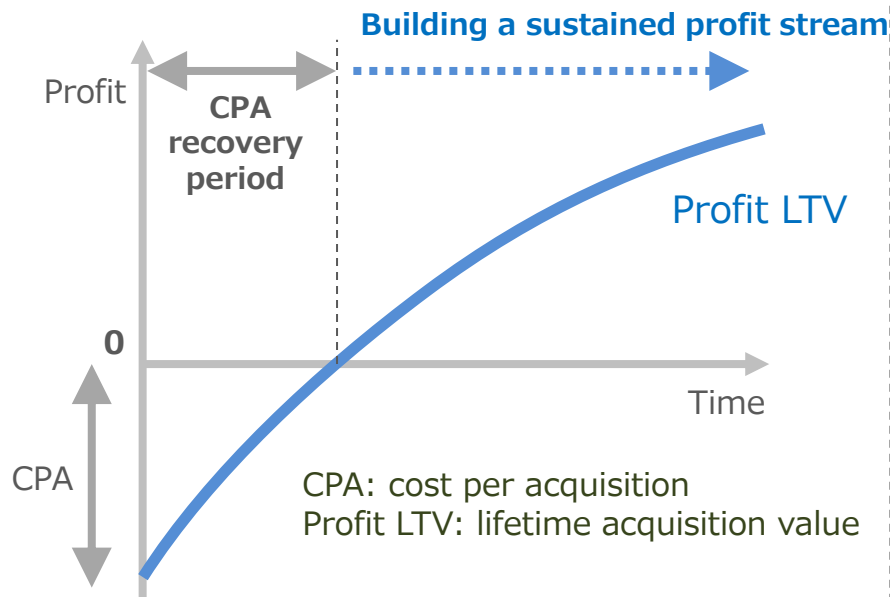


Subscription Management

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

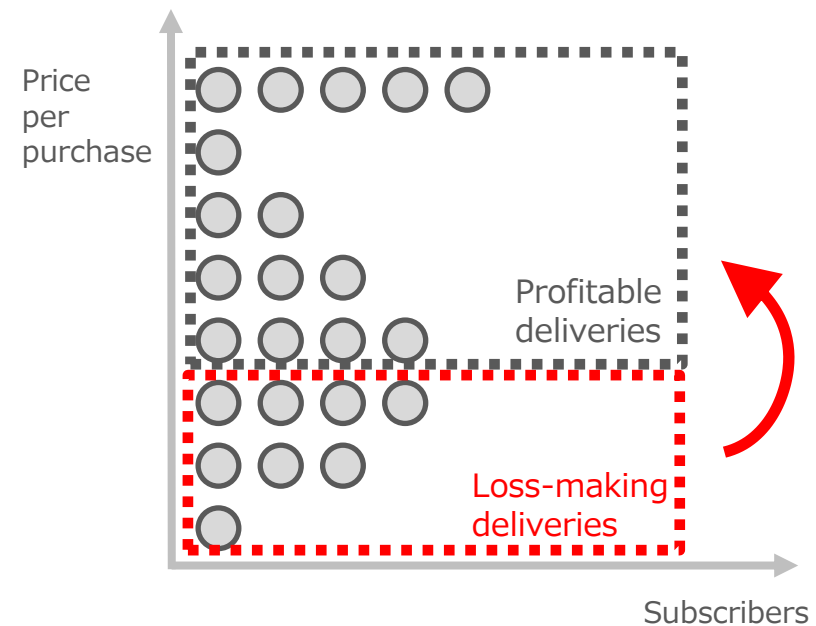
■ Rigorous CPA and LTV management

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



■ Rigorous management of unit revenues and expenditures

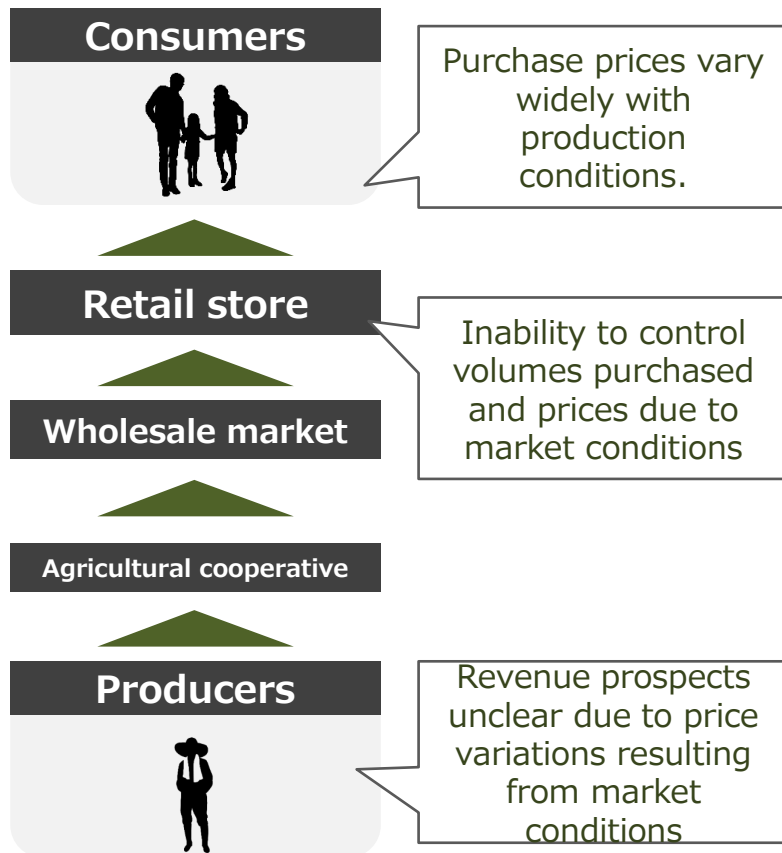
Making percentages of loss-making deliveries visible for each unit and reducing them structurally



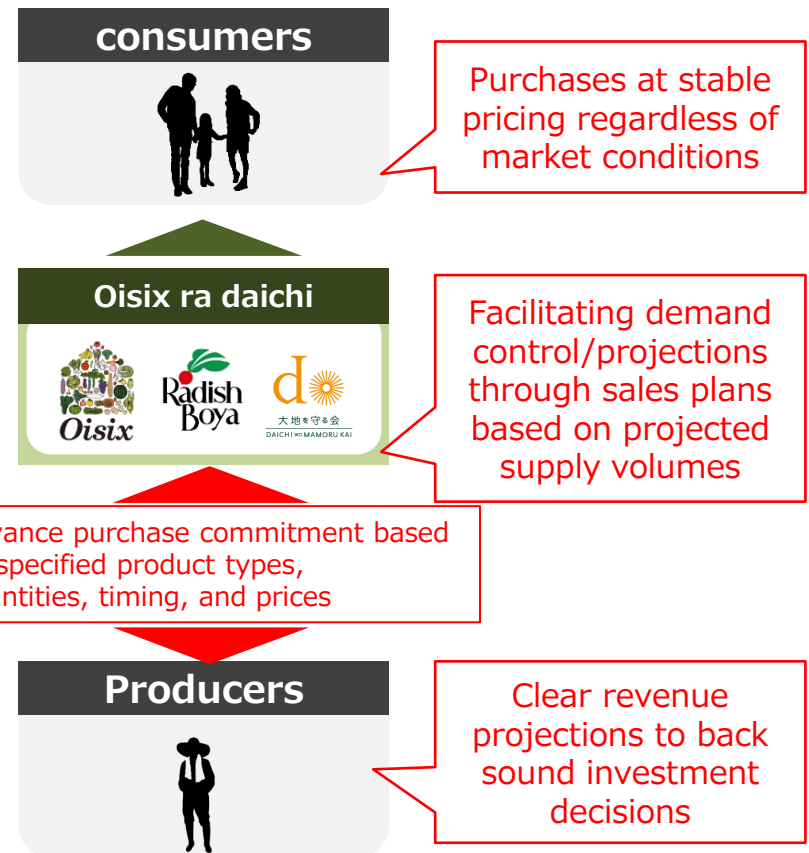
Subscription Network

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



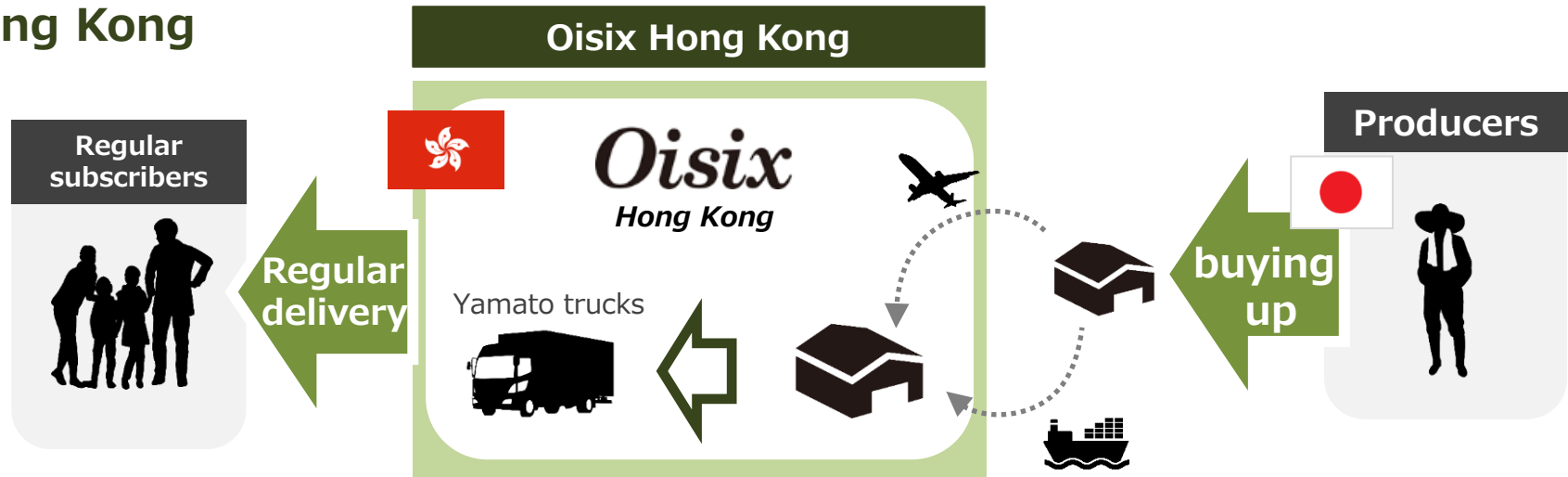
Differences in the assets of the three brands



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)

International Business

■ Hong Kong



■ China

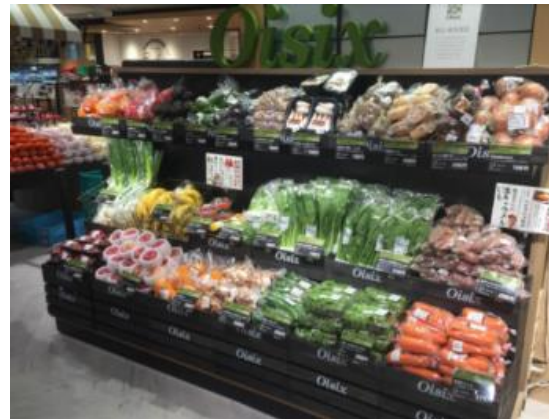


Shop in Shop

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	単位	数量	単位	数量
卵	個	100	個	100	個	100
鶏肉	kg	10	kg	10	kg	10
豚肉	kg	10	kg	10	kg	10
牛肉	kg	10	kg	10	kg	10
魚	kg	10	kg	10	kg	10
野菜	kg	10	kg	10	kg	10
果物	kg	10	kg	10	kg	10
調味料	kg	10	kg	10	kg	10



- ◆ 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	単位	数量	単位	数量
卵	個	100	個	100	個	100
鶏肉	kg	10	kg	10	kg	10
豚肉	kg	10	kg	10	kg	10
牛肉	kg	10	kg	10	kg	10
魚	kg	10	kg	10	kg	10
野菜	kg	10	kg	10	kg	10
果物	kg	10	kg	10	kg	10
調味料	kg	10	kg	10	kg	10



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

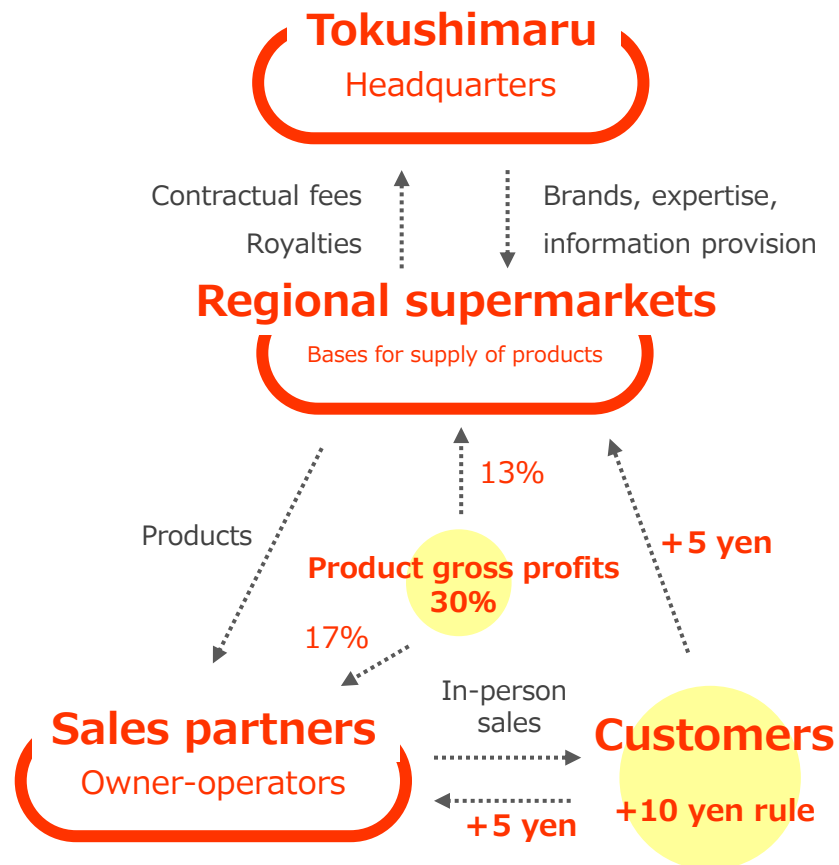
We offer novelty products based on our expertise in service, products, and delivery, established through more than 3 million regular deliveries a year.



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				FY2020/3	
(mn yen)	1Q	2Q	3Q	4Q	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	48,906	64,026	16,265	32,552
Operating Profit	169	270	625	752	141	237	692	891	610	1,115	2,265	2,312	543	900
EBITDA	225	391	810	996	320	635	1,282	1,670	808	1,513	2,882	3,154	755	1,348
Net income Attributable to owners of the parent	119	187	429	515	72	93	336	237	537	893	2,533	2,387	270	390

DATA SHEET : Business Segment Result

■ Business Segment Result

		FY2018/3				FY2019/3				FY2020/3	
(mn yen)		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Oisix	Sales	5,790	11,470	18,481	24,799	6,863	13,769	22,190	29,619	8,308	16,524
	Marginal profit	674	1,392	2,421	3,288	970	1,943	3,371	4,036	933	1,868
Daichi	Sales	2,790	5,487	8,508	11,215	2,769	5,440	8,405	10,902	2,587	5,137
	Marginal profit	539	1,078	1,650	2,095	479	960	1,536	1,989	457	885
Radish Boya	Sales	-	-	-	-	5,811	9,926	14,346	18,028	3,770	7,459
	Marginal profit	-	-	-	-	1,030	1,765	2,657	3,342	688	1,273
Other Business	Sales	1,109	2,163	3,263	4,250	1,482	2,755	4,198	5,793	1,663	3,529
	Marginal profit	185	384	571	760	154	290	479	724	256	557
Companywide fixed costs, Goodwill etc		1,257	2,853	3,951	5,253	2,024	3,844	5,779	7,779	1,792	3,683

Data Sheet : Main KPI

KPI trend

		FY2018/3	FY2019/3				FY2020/3	
		4Q	1Q	2Q	3Q	4Q	1Q	2Q
Oisix	Subscribers (number)	169,664	179,942	189,352	197,272	205,976	225,553	230,556
	ARPU (yen)	11,602	11,562	11,127	11,534	11,183	11,244	10,616
	Price/purchase (yen)	5,925	6,002	5,973	6,150	6,015	5,887	5,839
	Purchase Frequency (number)	1.96	1.93	1.86	1.88	1.86	1.91	1.82
Daichi	Subscribers (number)	44,933	44,111	43,835	42,996	40,210	38,571	37,587
	ARPU (yen)	19,240	20,122	19,386	21,848	19,758	21,232	21,443
	Price/purchase (yen)	7,726	7,770	7,553	8,529	7,811	7,990	8,026
	Purchase Frequency (number)	2.49	2.59	2.57	2.56	2.53	2.66	2.67
Radish Boya	Subscribers (number)	78,062	74,949	72,101	66,233	63,144	61,507	59,927
	ARPU (yen)	16,639	17,277	17,177	18,988	17,264	18,301	18,277
	Price/purchase (yen)	5,278	5,460	5,616	6,114	5,869	6,055	6,060
	Purchase Frequency (number)	3.15	3.16	3.06	3.11	2.94	3.02	3.02

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.

Oisix ra daichi