

Oisix ra daichi

Oisix ra Daichi Inc.

Q4 Financial Results Briefing for the Fiscal Year Ended March 2022

May 12, 2022

Event Summary

| | | |
|----------------------|---|--|
| [Company Name] | Oisix ra daichi Inc. | |
| [Company ID] | 3182-QCODE | |
| [Event Language] | JPN | |
| [Event Type] | Earnings Announcement | |
| [Event Name] | Q4 Financial Results Briefing for the Fiscal Year Ended March 2022 | |
| [Fiscal Period] | FY2021 Q4 | |
| [Date] | May 12, 2022 | |
| [Number of Pages] | 47 | |
| [Time] | 16:00 – 17:03 (Total: 63 minutes, Presentation: 32 minutes, Q&A: 31 minutes) | |
| [Venue] | Webcast | |
| [Venue Size] | | |
| [Participants] | | |
| [Number of Speakers] | 1 Kohei Takashima | Representative Director, Chief Executive Officer |
| [Analyst Names]* | Hideki Sumi | Tokai Tokyo Research Institute Co., Ltd. |

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A.

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Presentation

Sato: Now that we are at the appointed time, we will begin. Thank you very much for taking time out of your busy schedule today to participate in the Oisix ra daichi Inc. financial results briefing for the fiscal year ended March 31, 2022. My name is Sato from the IR Department, and I will be your moderator today. Thank you for coming today.

Today's financial results briefing will be divided into two major parts. In the first half of the meeting, Mr. Takashima, Representative Director and CEO, will give a 30-minute presentation on the financial results and growth strategies. After that, we will move to the question and answer session with participants in the second half. I will explain the details again. Let me now move on to the briefing. President Takashima, please go ahead.

Takashima: Hello everyone. Thank you for your time today. It has been three months since the last time we had a problem in Ebina, in February. I was living in Ebina at that time, and since then, I would like to explain how the recovery situation at the center is going and how we are responding to changes such as COVID-19, inflation, and carbon neutral flow, since the situation is changing very rapidly. I would like to spend a little less than 30 minutes explaining how we are responding to changes such as COVID-19, inflation, and carbon neutral trends.

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Executive Summary -2022/3 Q4 Results

Sales

The sales impact of issues relating to relocation of Oisix new Ebina Station came to roughly **-1.0 bn yen as estimated in February**. On the other hand, recovery plans are proceeding nicely with purchase frequency and unit basket prices recovering to levels prior to said relocation issues.

- ✓ Subscribers : Owing to issues at Oisix new Ebina Station, ①: New subscriber acquisition stopped (about ▲10,000), ②: Temporary increase in cancellations (about ▲0.5 million). However, with the help of the likes of TV commercials from late-February, customer acquisitions saw gradual recovery and in fact saw net growth relative to 3Q.
- ✓ ARPU : 3 brands ARPU have been gradually settling down due to lifestyle changes, and landed at -8%YoY (vs pre-COVID about +5%) .

EBITDA

- **Relocation problems and recovery costs were invested almost as planned. Lower-than-expected impact on sales resulted in loss of profit of -1.3 bn yen**
- **Increased recovery costs are expected to continue until 1H FY2023/3 (see below for details).**

- ✓ The breakdown of the decrease of about -1.3 bn yen in profit due to the trouble is as follows: Increase in logistics costs and product disposal due to the response to the trouble, and actual loss of point cost, etc.: about -1 bn yen. Loss of profit of lost sales: about. -0.3 bn yen.
- ✓ At Oisix, new spring promotional budgets, for such items as TV commercials, were expended as planned in 4Q.

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First of all, we talked about the most recent Q4, the last time we had a problem.

This means an explanation of the landing. First of all, we had expected that sales would be damaged by about JPY1.5 billion, but we were able to hold down sales per customer more than we had expected, landing at a JPY1 billion decrease. Then there is the quality of delivery. There were cases of shortages of goods, or goods not being delivered in the first place, or not enough goods being delivered even if they were delivered, but these problems have recovered to the pre-troubleshooting level during Q4.

As for the number of customers, there was an increase in cancellations due to the trouble, and although cancellations were not as large as initially thought, there were about 5,000 cancellations, and during that time we had new acquisitions, promotions, and suspensions, so there were about 15,000 cancellations that would not have had to be reduced if not for the normal trouble. There were about 15,000 cancellations, which would not have been necessary if there had not been the usual problems. Including that, promotions have resumed since late February, and have landed almost at even.

As for profits, we have invested costs to recover from the troubles as planned. The forecast for the bottom part of the profit decline is slightly higher than expected because the forecast for the sales decline was less than expected in relation to the cost of recovering from the troubles. On the other hand, as we will talk about again later, some distribution center costs have not yet been fully avoided, and we are considering lowering them well into H1 of the year.

This is Q4 of the year.

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Executive Summary -2022/3 Full-year results

Sales

Led by Oisix, subscriptions and ARPU performed well relative to initial forecast. They were in line with revised forecasts made in February.

◆ Domestic B2C Subsk Business

- ✓ Subscribers : The 3 main brands added roughly 40K new subscribers in FY3/22. The Oisix brand saw an increase of roughly 37K. Subscriptions grew well. Processing of membership cancellations of low frequency subscribers was implemented in the 2H. Owing to suspension of new PR activities vis-à-vis issues at Oisix new Ebina Station, a one-off customer acquisition loss was incurred. Centered on new services, Radish Boya resumed new customer acquisitions resulting in an increase of roughly 2,000 subscriptions.
- ✓ ARPU : Although there has been a gradual slowdown since 3Q, all 3 business segments have continued to see +5% growth vs pre-COVID-19 levels.

◆ Other Business

- ✓ Reflecting renewed economic activity, Purple Carrot (U.S.), which saw sales and subscriptions double in FY3/21, saw a decline in subscriptions. Results, however, were above expectations.
- ✓ Other business segments, led by EC support and nursery school wholesale, saw solid business expansion.

EBITDA

Results were in line with the revised February forecast.

- ✓ Led by Oisix, the domestic B2C subscription business saw solid gains in the number of subscribers and ARPU.
- ✓ Operating margins at Purple Carrot (U.S.) saw substantial deterioration in the 2H owing to inflation driven raw material and logistical cost increases. 2H OP fell to roughly ¥0.2 bn versus ¥0.8 bn in the 1H.

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As for what we did throughout the year as a whole, before the troubles, we thought we would lose a lot of members and ARPU, especially at Oisix, after COVID-19, but we made progress with higher sales per capita than we expected. On the other hand, there are some areas in the US where inflation is beginning to have a very large impact. As for profits, except for Ebina, which I mentioned earlier, we are on schedule except for the US issue.

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2022/3 Achievements

Sales : Led by Oisix, subscriptions and ARPU performed well relative to initial forecast.
They were in line with revised forecasts made in February.

EBITDA : Results were in line with the revised February forecast.



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I had originally forecast JPY105 billion at the beginning of the period, and I thought I could make a few more upward revisions, but due to problems and other factors, the result was JPY113.5 billion in sales, JPY6.2 billion in EBITDA, and about JPY4.2 billion in operating income.

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Consolidated Results Overview -Sales

*(Note) Calculation of ARPU assumption.
To eliminate the one-off boost effects of COVID-19 on ARPU, we assume ARPU to be equal to 2020/3 or the level posted before COVID-19.

Continued high-level growth reflects Oisix led subscription growth and high ARPU.



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** For the purposes of like-for-like vs Target comparisons, one extra month of Radish Boya data (March 2018) was deducted from 2019/3 data.

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Over time, sales have grown by about 20% since the integration.

The reason for the terms “actual performance” and “actual results” here is that we believe that the increase in ARPU in both FY2021 and FY2022 is largely due to the temporary impact of the infectious disease, and that if we assume that the increase in sales per capita is temporary, the actual amount of sales is called actual performance. The increase in sales per capita is assumed to be temporary, and is referred to as the actual sales value. The poor performance in terms of actual performance values is continuing.

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Consolidated Results Overview -Profits

*(Note) Calculation of ARPU assumption.
To eliminate the one-off boost effects of COVID-19 on ARPU, we assume ARPU to be equal to 2020/3 or the level posted before COVID-19.

Relative to the irregular Covid-19 driven increase in ARPU in FY3/21, profits fell YoY.
Excluding the impact of roughly 1.3bn yen in costs related to Oisix new Ebina Station,
real adjusted profits saw solid gains.



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* * For the purposes of like-for-like vs Target comparisons, one extra month of Radish Boya data (March 2018) was deducted from 2019/3 data. 8

Profits, on the other hand, are also similar here with respect to the actual value, but EBITDA has remained almost flat. The center's troubles reduced profits by about JPY1.3 billion, and if that had not happened, we would have been able to increase our EBITDA by that amount, but it did happen, and we continue to be affected by it, resulting in a similar EBITDA transition in terms of competence level.

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2022.3 Progress of Strategic Initiatives -① Sustainable Retail

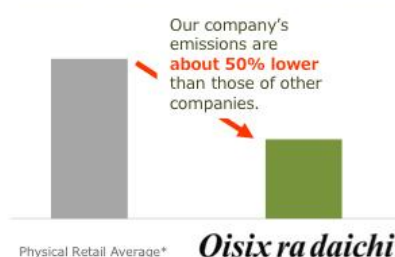
We plan/implement strategic initiatives to achieve further **reduction in GHG emissions and food waste** that are already low given the characteristics of our business model. **In one year, food waste at farms was reduced by roughly 310t.**

carbon neutral

Formulation of visualization and reduction plans for GHG emissions

- ✓ Activities with the goal of being carbon neutral by the end of March 2026
- ✓ our business model results in **GHG emissions that is just 50% of the Physical Retail Average even accounting for home delivery.**

■ GHG emissions per sales (including all of Scope 1, 2, and 3)



Zero Food Waste

- ✓ **food waste at farms was reduced by roughly 310t.** Promote development and sales of original products for further utilization



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*We calculated the average of five companies that disclose information on CO2 emissions in Scope 1, 2, and 3. Sales of each company are calculated on a consolidated basis for the relevant fiscal year (based on our research). 9

Now, I would like to talk about what we have been working on in the last year.

Last year, we made a commitment to sustainable retailing, and for us, last year was the first year of sustainable retailing. We have worked on it, but we have been engaged in various exposure activities in an effort to make it visible.

For example, looking at whether the business type of home delivery, which is written on the left side, produces more or less greenhouse gases than the business type of store, which is a physical store. After doing some calculations, we have found that compared to a physical store, we are a business type that makes about half the greenhouse gas emissions, including the delivery we do. Let's lower food loss even further to include it. We are very small as a retailer, but let's also reduce with regard to food loss that is happening in the fields and in production. To this end, we have been working to make it possible to measure it in the first place.

This is partly because progress has been made compared to what was visible in H1 of the fiscal year, and partly because things that were not visible in H1 of the fiscal year are now becoming visible. However, there are still some areas that are not fully apparent, and we hope to make these visible in FY2022.

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2022.3 Progress of Strategic Initiatives

- ②expanding fulfillment functions
- ③Execution of large-scale promotions

To support sales growth at Oisix, we are **expanding fulfillment functions** and implementing new promotions utilizing celebrities. **Centered on Oisix, we are building the foundation to secure future business growth.**

— ②expanding fulfillment functions —

-System enhancement in response to business expansion

- ✓ **Renewal of systems infrastructure was completed as scheduled.** Represents a departure from our old systems which underwent countless add-on modifications and which has been in use since company founding.



-Relocation of Oisix refrigerated warehouses

- ✓ The impact of the relocation trouble was a loss of both sales and profit. Shipment capacity will be increased, and the outlook for efficiency improvement in the 2H of 2023.3 is established.



— ③Execution of large-scale promotions —

TV commercials

- ✓ Since mid-Feb. we have been airing TV commercials employing celebrities. We look to create new opportunities for customers unaware of Oisix to purchase 'The Trial Set.'



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Let me talk about the second and third strategic initiatives.

Secondly, there were two major themes in terms of responding to the large-scale expansion, and one of them worked, but one failed. We will strengthen our systems, servers, and so on. There was a very dangerous time two years ago, so there was a project to reinforce it around last summer. This one has been successful, and stabilized.

On the other hand, it has led to major troubles regarding the large-scale expansion of the distribution center. As for promotion, the commercial was aired right after the failed relocation of the distribution center, but we managed to promote it in time to recover the quality of the trouble, and the service level of our customers. We are in the process of acquiring these skills.

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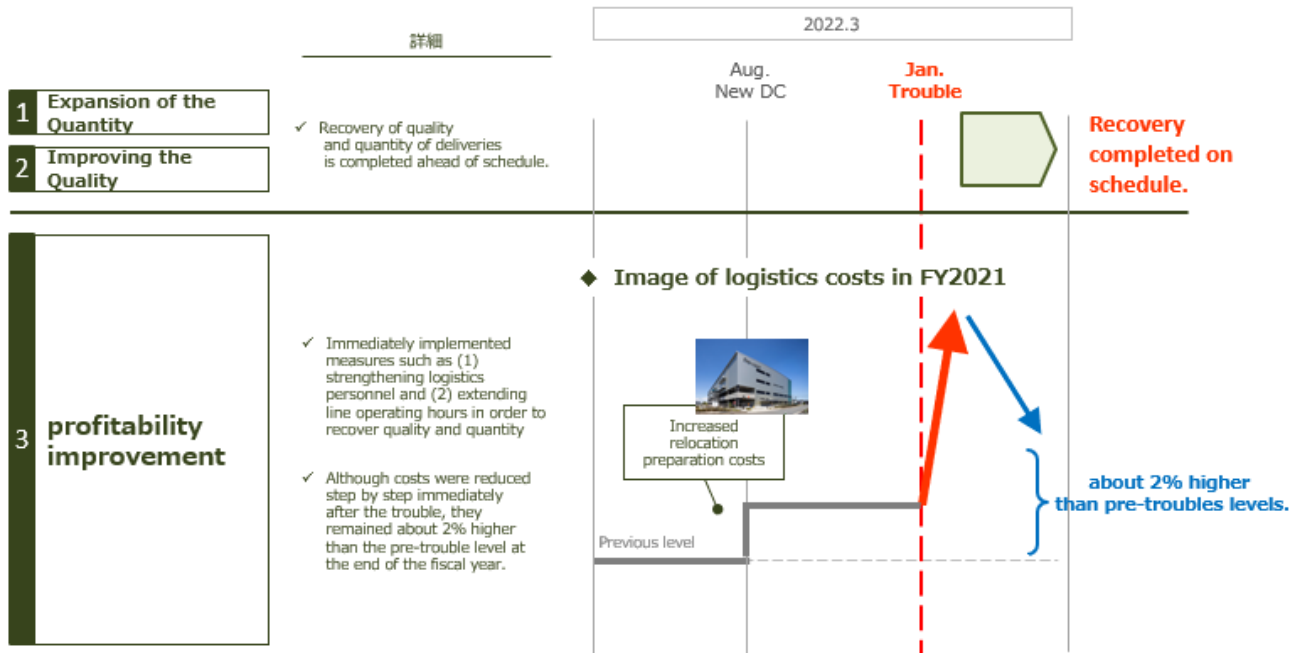
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New Ebina DC Status

Relative to the recovery plan announced in Feb., quality of delivery services was restored as scheduled in Mar.
The out-of-stock-ratio improved to roughly 0.2% and ARPU recovered to pre-trouble levels.
 Regarding profitability improvement, service quality has improved but remains about 2% higher than pre-troubles levels.



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I would like to talk about the current status of the distribution center that I mentioned earlier.

It is the quantity and quality of the delivery that is marked point number 1 and point number 2. As for whether we can deliver everything properly and without mistakes when we deliver, we had problems in January. Things got very bad, especially in the first week, but we have recovered enough in Q4 to have some better numbers than before the center relocation. The recovery has been completed by the end of Q4.

On the other hand, this is before the relocation of the center with respect to costs. In terms of Oisix sales, the distribution center was costing us roughly 6% of our total sales before the move. In contrast, there were overlapping costs during the relocation period, which were about 7%, but the trouble effectively raised them from 10% to 15% in the worst cases. As of March, that figure is now at about 8%, but the current recovery progress is still 1% or 2% above the 7% before the relocation, or the 6% of the old center before that.

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Inflation Impact

We are in the process of assessing the impact of inflation on the domestic B2C subscription business. We are closely monitoring trends for those products where we have already raised prices owing to rising manufacturing costs.

As Purple Carrot (U.S.) has been significantly impacted by rising raw material/logistical costs, we expect to implement countermeasures such as raising prices.

| | Domestic B2C (Oisix, Daichi, Radish Boya) | Overseas B2C (US : Purple Carrot) |
|-------------------|---|--|
| present condition | <p>✓ The main products we handle are domestically produced and private brands. Price hikes were implemented for some products due to an increase in production costs.</p> <p>⇒At present, there have been no major changes in customer trends, Effects are still being assessed.</p>  | <p>✓ Due to rapid inflation since the 2H of last year, Significant increase in costs, including personnel costs for raw materials and warehouse work staff</p> <p>⇒Operating income for the previous period: 1H: 0.8 bn yen in the 1H ⇒ in the 2H : 0.15 bn yen Significant deterioration in profit margins</p>  |
| Future Policies | <p>We will be assessing pricing strategies as we monitor subscriber behavioral trends and implement appropriate pricing in the event of large raw material price increases and/or where inflation is prolonged.</p> | <p>Such as raising prices for meal kits and changing suppliers Early implementation of initiatives to improve profitability (Refer to pages 66 for details)</p> |

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Next, we will talk about the impact of inflation.

In Japan, there has been a price increase of some raw materials, and we are responding to it, but so far there has been no major impact.

On the other hand, the US has been hit by very large inflation, and the cost of raw materials, distribution centers, et cetera, has been rising very sharply. At the same time, the time of COVID-19 is over, and people are rapidly increasing their eating out, et cetera, making it a bit of a difficult phase for the US. We will be implementing several price increases and cutting costs, but Purple Carrot's profit margin has deteriorated significantly as a direct result of the effects of inflation.

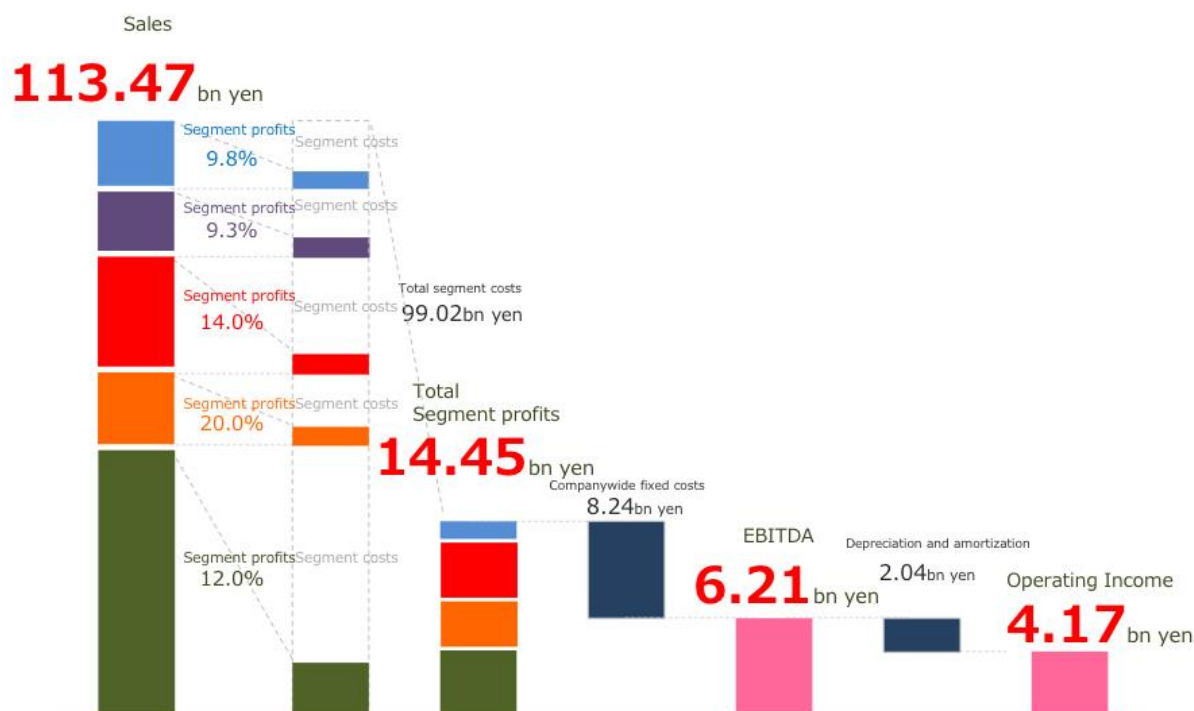
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Business segment Results Overview



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As a result of the above, as I mentioned earlier, sales were JPY113.4 billion and EBITDA was JPY6.2 billion, which is where we landed last year. As for the summaries by business, we have the materials, but will not provide a detailed explanation.

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growth strategy

*"Leveraging the power of the business model and technology
to provide food that is good for both people and the earth."*

Sustainable Retail

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I would like to discuss our medium-term growth strategy.

First of all, I would like to briefly talk about sustainable retail strategy, which I have already talked about in the previous issue, or rather at the end of last year. Our current strategy is to provide food that is good for the planet, and good for people, through the power of our business model, and technology, and to become a sustainable retail business as a result.

Expand B2C subscription business

We are one of the few companies in the world that operate a large number of brands in subscription home delivery for B2C, both domestically and internationally.

| Domestic B2C brands | | Overseas B2C brands |
|---|---|--|
|  |  | U.S.  |
|  |  | Hong Kong  |
|  (EC Support) |  (EC Support) | Shanghai  |

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I would like to explain this a little more concretely, but first, in terms of our business model, our main business category is that of multiple food subscriptions, both domestically and internationally.

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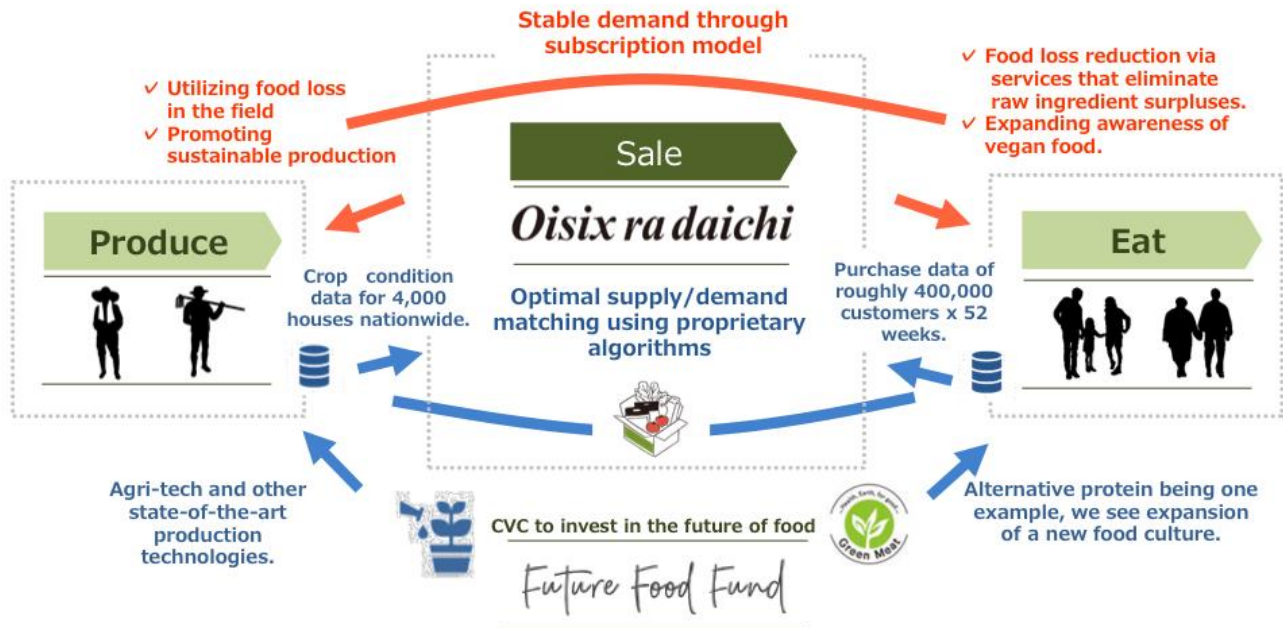
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Using business models and technology
(Re-investigation : 2022.3 2Q)

→ Using Business Models
→ Using Technology



Realization of zero food loss and carbon neutrality

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In the past, there was the producer, the local agricultural cooperative, the market, the wholesaler, the supermarket, and the customer, but now we are taking on the functions of these various people and directly connecting the producer, the producer's supply, and the customer's demand. We are the direct link between the producer, the producer's supply, and the customer's demand.

We can do this because it is a large subscription. We have a sales method that makes it easy to predict how much demand we will have next week or next month, and we have a direct network of producers, so we have direct access to how much harvest we can get this month and how the harvest will be affected next month. Information also comes in directly. This is why we are able to connect directly with them.

Technology supports this business model, with purchasing data from just under 500,000 customers and more than 4,000 farmers. There are others, but we match the information of more than 4,000 farmers and other manufacturers every week to ensure that they can use what they have harvested without waste.

We believe that by achieving this form, we can create an extremely lean supply chain and value chain, and that this business model is capable of thoroughly eliminating food loss and other factors in this process. Our basic strategy is to master this.

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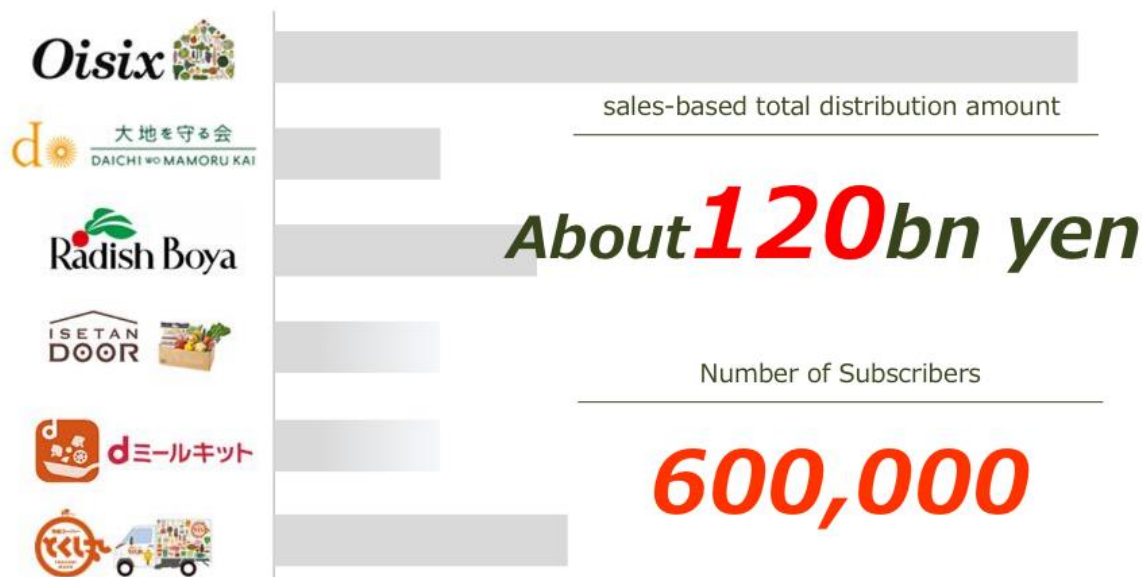
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1. Business Model

-Our "B2C" subscription

We have 6 B2C subscription home delivery brands in Japan, including an e-commerce support business for other enterprises. Our sales-based total distribution amount is approximately 120 billion yen, and the number of subscribers expanded to reach roughly 600,000.



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On top of that, today I would like to talk a little more about the business model and introduce you to it.

We have businesses other than the domestic B2C business, but if you add up all the domestic B2C businesses, the total amount in circulation is about JPY120 billion. The largest of our own sales is Tokushimaru, which has a total distribution value of over JPY25 billion, but this is not reflected in our sales, and for the products we sell with docomo and Isetan, the total distribution value cannot be expressed as our sales value. In terms of total distribution amount, it is about JPY120 billion, and in terms of the number of members, about 600,000 people are using our food subscription service.

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1.BusinessModel -Market Size

The market size of the domestic food delivery market in which we operate is approximately 2.5 trillion yen.

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the domestic food delivery market

about **120**bn yen

about **2.5**tri yen*

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*Reference : Yano Research Institute Ltd J

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There are probably various ways to translate this into the market, but currently, the total market is about JPY2.5 trillion, of which we consider our share to be about 5%.

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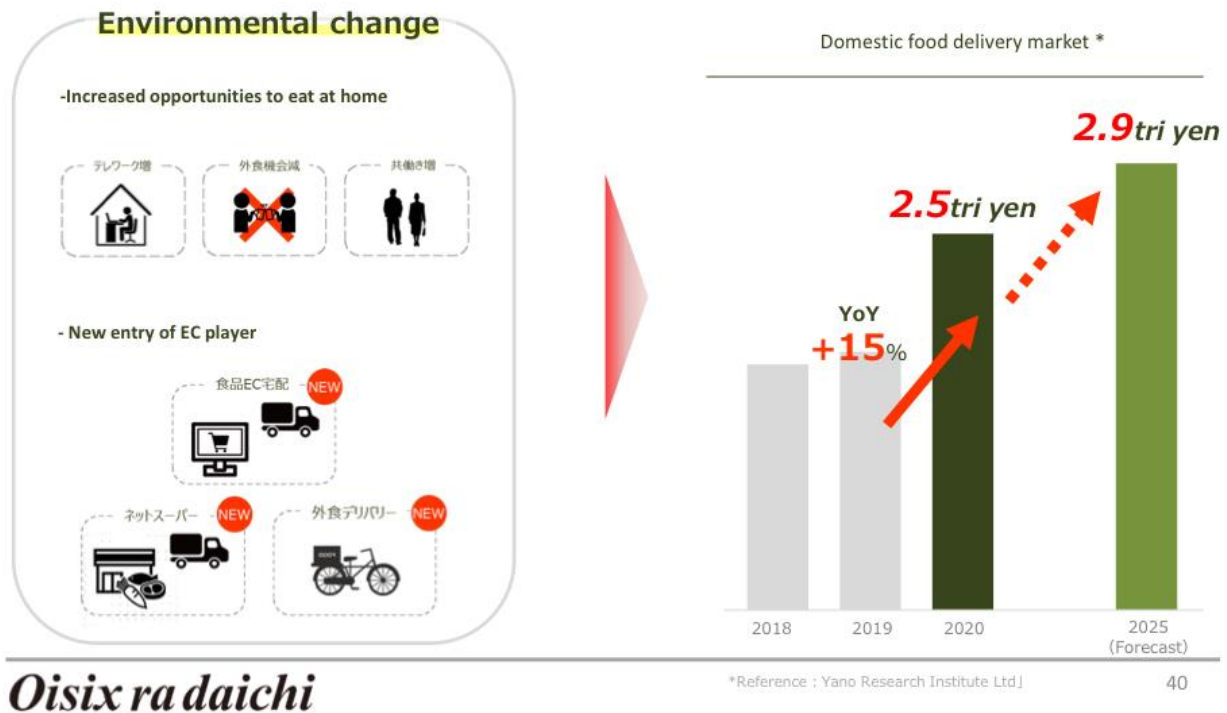
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1.BusinessModel

-Domestic food delivery market

The domestic food delivery market has been revitalized by changes in consumer trends due to COVID-19 and the entry of various domestic and foreign players. FY2020 recorded a market increase of 15% compared to the previous year, and steady growth is expected to continue.



We believe that the number of supermarkets will continue to grow at a considerable pace in the future, partly due to the rapid growth of COVID-19, and partly due to the increase in the number of players, including Internet supermarkets.

The Yano Research Institute's data, however, gives us a sense that the speed of growth is a little faster than we would expect from our own experience, but now that we have the data, it is in this form.

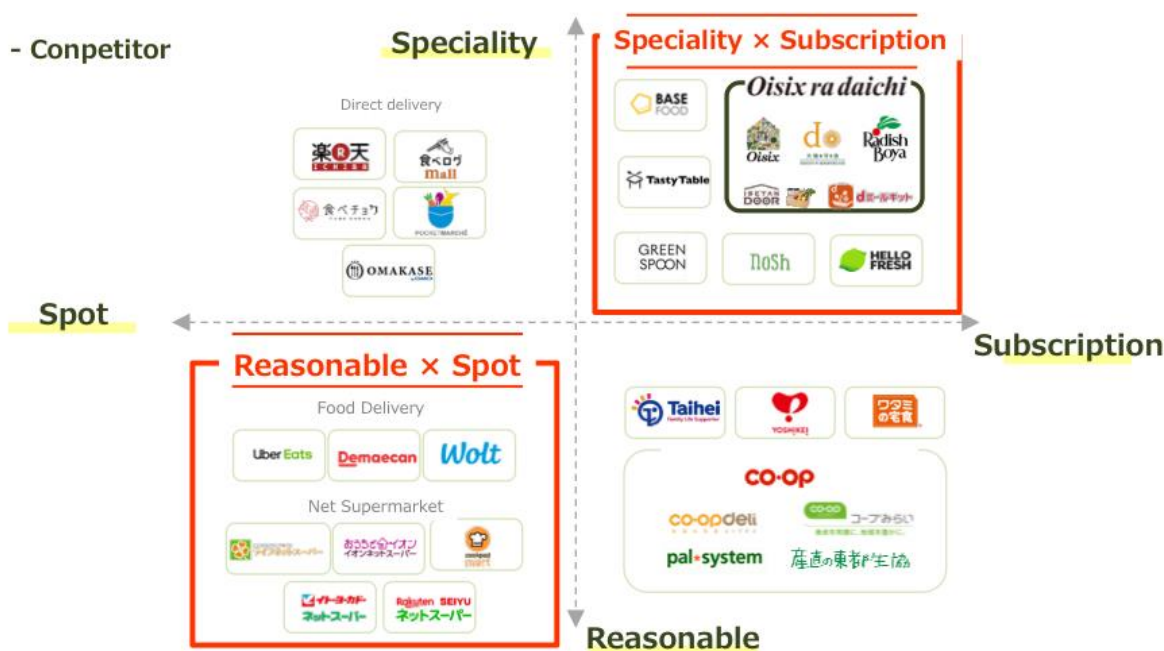
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1. Business Model -Positioning

In the food delivery market, players can be broadly categorized into "specialty vs. reasonable" and "subscription vs. one-time-purchase". Among these, the areas where many companies are entering the market and there is significant activity are 1): Specialty x Subscription and 2): Reasonable x Spot.



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We have sorted out how to organize that market.

The vertical axis is whether the product is generally reasonably priced for affordability, or whether it is a distinctive specialty. The horizontal axis is about how to buy, and it organizes the food delivery market according to whether it is a form of pay-as-you-go purchase, a subscription like ours, or a subscription.

In this organized and plotted list of players, I believe there are two major markets that are growing right now. One is a reasonable spot. The number of online supermarkets and platforms, such as Amazon, has increased considerably, while a large number of food service delivery companies have entered the market in the past two or three years, and the area of having relatively reasonable products brought to you on a case-by-case basis has grown considerably. There is a large number of players coming into the market. Another area that is increasing is in food subscriptions, and we believe that various brands are being counted in this area both in Japan and overseas.

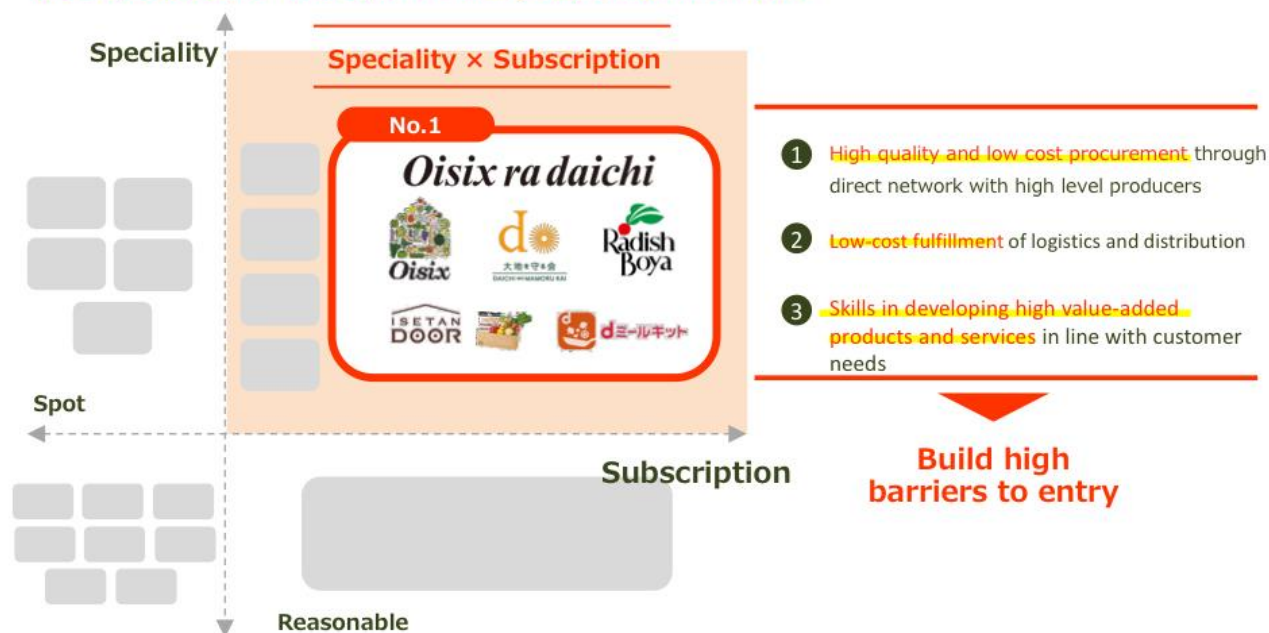
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1. Business Model -Specialty x Subscription

The "Specialty x Subscription" market is expanding due to stable income from subscriptions and consumers' increasing preference for specialty products. We are the No. 1 player in sales in the "1): Specialty x Subscription" domain. Leveraging the strengths of our "business model and technology," we have built a high barrier to entry in the "specialty x subscription" area by differentiating our products and services.



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We have listed three things that make our company unique among them.

One is that we have a direct production area, and can procure high quality products at low cost. Second, although they failed to relocate, they own several distribution centers, both refrigerated and frozen, and have a much larger facility than other companies with respect to fulfillment. The third offers distinctive services for each brand.

Under these circumstances, I believe that we are currently number one in the specialty and subscription areas, and I believe that we will continue to expand our market share in these areas. To explain this business model, our basic strategy is to establish a strong presence in the growing food delivery market in the area of specialty times subscription.

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FY2022 Strategy

Sustainable Retail Strategy

Business Model

×

Technology

||

Sustainability



FY2022 Strategy

① **Polish our specialty of products and services**

- Strengthening "Premium Value"
- Shifting to the "super" time-saving

② **Strengthen brand recognition in the food delivery market**

③ **Promote sustainability throughout the service**

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With that said, I have written a bit about what we are going to do this year, and I think it will be to refine the characteristics of this business model and promote sustainability.

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① Polish our specialty of products and services

-Strengthening "Premium Value

We further enhance the value provided by our meal kit, Kit Oisix, based on the existing value proposition of offering plentiful vegetables.

We have also enhanced products in collaboration with Disney and other brands that have a high affinity with the values we offer, as well as offer solutions to customers' breakfast needs as well.

-Disney Kit Oisix

- ✓ Utilize a different character each month, to capture children's interest in food.



©Disney



©Disney. Based on the "Winnie the Pooh" works by A.A. Milne and E.H. Shepherd.

-Progression of Breakfast Menus

- ✓ For our soup meal kit, we are considering adding a gut-health-focused menu and a menu that includes more vegetables.



Oisix ra daichi

45

Specifically, we would like to be very distinctive with respect to the level of service. One is that we are now able to collaborate with Disney in a variety of ways, and we will continue to promote and expand this collaboration, which has been very well received since this fiscal year. Breakfast and, in the future, lunch, but we are considering expanding into areas other than dinner where needs are high.

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① Polish our specialty of products and services

-Shifting to the "super" time-saving

The concept was shifted from premium time-saving to premium "super" time-saving.

This evolution of the product lineup and services enabled the creation of high-quality menus with plenty of vegetables in a shorter amount of time.

- "Patto Oisix" frozen

- ✓ New "Patto Oisix" frozen foods with plenty of vegetables menu doubled



New "Super Easy Kit Series"

- ✓ New "Super Easy Kit Series" that even beginner cooks can make in a short time released



-Recipe video service

- ✓ Recipe video service exclusively for Kit Oisix will begin in June



Oisix ra daichi

46

Furthermore, in addition to increasing the value, I was thinking of doing something that would make the time even shorter. The leftmost started as a foregone conclusion, and the reaction is that although the expectations are very high, although frozen foods that can be filled with vegetables, Patto Oisix has started, and this should be strengthened.

We are also planning to develop a service for beginners in cooking, and this is partly due to the fact that we believe that there has been an extreme increase in cooking by men in recent years. Some say children, but for example, meal kits. We feel that it has become quite common for men to use meal kits on days when they are on meal duty and use regular vegetables on their wives' days, so we would like to add more sections where even beginners, including men, can cook.

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②Strengthen brand recognition in the food delivery market

Utilizing TV commercials and developing new sales channels for households with children, as well as creating a customer experience that meets customer expectations, we acquired new customers while achieving brand recognition and a high level of satisfaction among a wide range of customers.

-Kit collaborations with celebrities

- ✓ Kit collaborations with celebrities featured in the TV commercials are now available for purchase
- ✓ Plans are in the works to create more fun for customers who started using the service as a result of the TV commercial.



-Oisix with AkachanHonpo

- ✓ Promotions to attract new customers at Akachanhonpo stores, which mainly target households with children, have received a large number of responses as expected.
- ✓ As the first step of the collaboration, a dedicated course "Oisix with Akachanhonpo" will be launched this spring as planned.



Oisix ra daichi

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The brand is a commercial with the Tonisen group that we started last year, and today we have also started a collaboration to produce meal kits. We are very much looking forward to spending more money than ever before to promote our brand recognition expertise in this area.

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③ Promote sustainability throughout the service

To realize our company as a sustainable retailer, we promote sales of nonuniform, food ingredients and plant-based food ingredients. We proactively develop products that can actualize sustainability through food actions, which is becoming a growing customer need.

-Time Saving×Sustainability

- ✓ Strengthen development and sales of sustainable products, expanding to 100 products in one year



Oisix ra daichi

48

Regarding sustainability, I would like to focus quite a bit on it this year.

Meal kits also have a large amount of raw materials that are wasted, so you could use those. We would like to increase the number of products that are not used, products that are not usually served, such as the black vinegar starchy sauce made with shark meat, which is now starting to gain popularity in our company. Or, what was taken from a good harvest, the leaves. By saying that we can cook whole leaves of things that we don't know how to cook, we are also thoroughly reducing food loss in the fields.

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③ Promote sustainability throughout the service

To realize our company as a sustainable retailer, we promote sales of nonuniform, food ingredients and plant-based food ingredients. We proactively develop products that can actualize sustainability through food actions, which is becoming a growing customer need.

-Food waste Reduction items



-PlantBased



Oisix ra daichi

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The commercialization of Upcycle and Uneven Radish, which we started last year and which has been very well received, are selling very well, and we intend to further strengthen our sales this year.

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③ Promote sustainability throughout the service

Strengthening improvements in materials and packaging to achieve sustainable retail.

-Reducing Plastic in Kit Oisix Packets

- ✓ Reduce plastic by 22% from current level by the end of March 2023
- ✓ Review of the thickness of the BioPath plastic outer bag
- ✓ Review of individual vegetable package size
- ✓ Elimination of vegetable clips



-Introduction of corrugated cardboard boxes with variable height



-Introduction of label-less packages



Oisix ra daichi

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Also, as our customers have commented, we will promote sustainability in materials, corrugated cardboard, and packaging.

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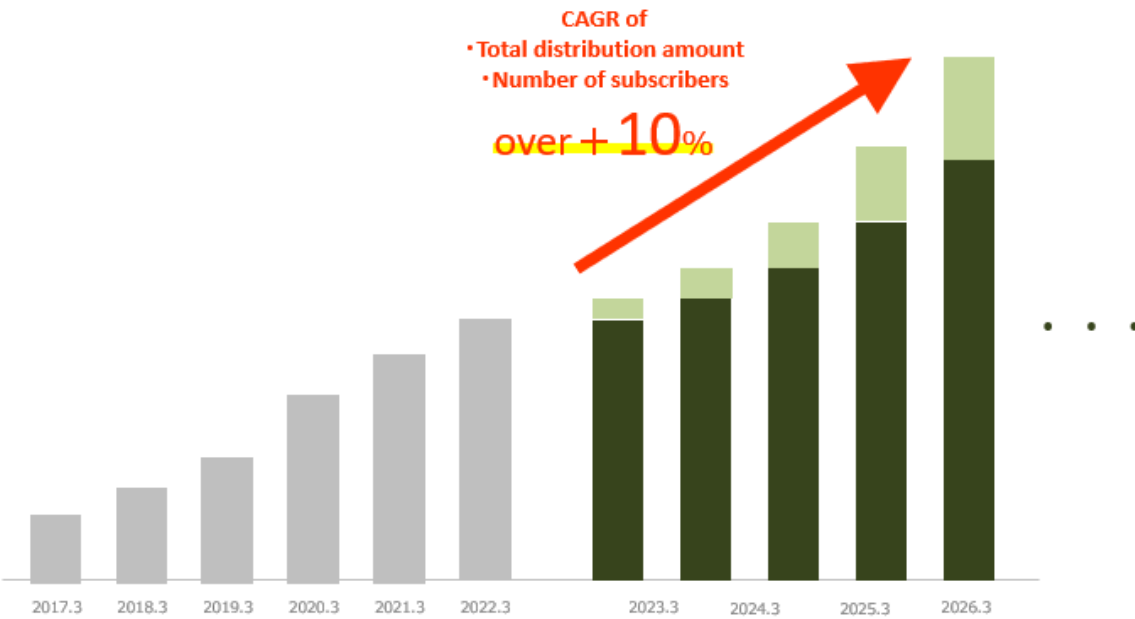
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Future Growth Image

For the domestic B2C subscription business, we will continue to target an organic growth goal exceeding 10% CAGR for the total distribution amount and number of subscribers.



Oisix ra daichi

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So, at least for B2C domestic subscriptions, we hope to continue to grow by 10% or more each year.

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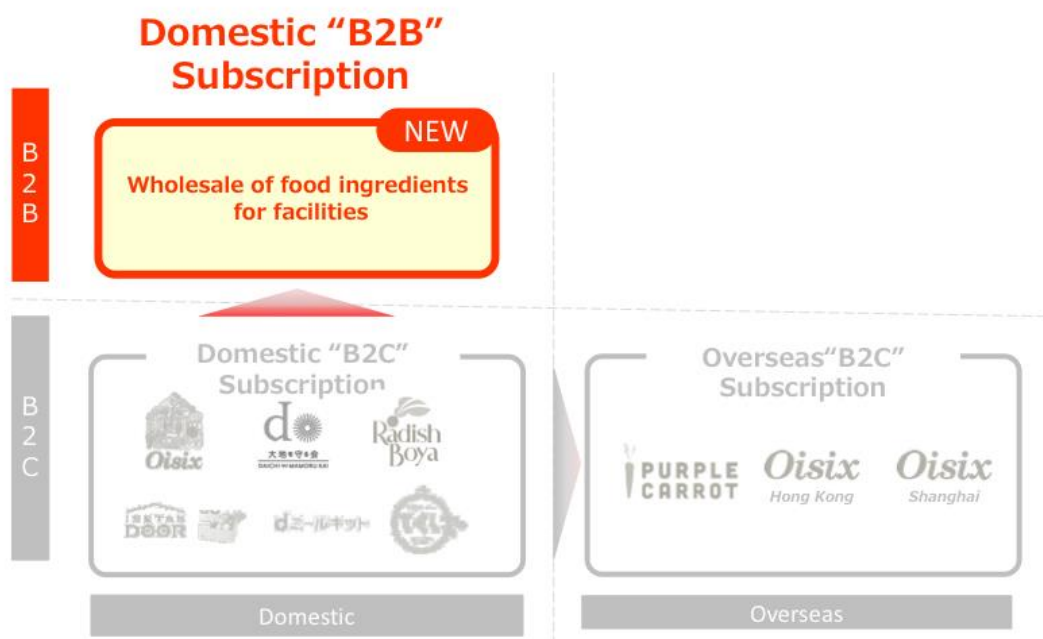
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Business Portfolio Expansion

Aiming for discontinuous sales growth by launching a new service in the "Domestic B2B Subscription" business, leveraging the know-how of the "Domestic B2C Subscription" business.



Oisix ra daichi

53

I will talk about the expansion of our business areas.

We are now talking about B2C domestic subscriptions, and for B2C overseas Purple Carrot, we have already started in Hong Kong and Shanghai, but this year we would like to focus on B2B subscriptions.

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Domestic "B2B" Subscription Strategy

NEW

We have introduced meal kits for enterprise use in the nursery school wholesale business, which has been gaining popularity for its ability to reduce the burden of food purchasing and preparation at nursery schools. We aim to achieve a sales target of 10 billion yen within five years through further growth in the number of nurseries and plan to consider subscriber businesses in other areas for the mid-term

-Launch of "B2B Meal Kit" service



Providing "premium time-saving" value for both nursery school and children

Nursery school



- ✓ Relieve manpower shortages at daycare centers and reduce the workload at meal sites

Children



- ✓ Improvement of picky eaters and support for nutrition education

We aim to achieve a sales target of **10 billion yen within five years**

Oisix ra daichi

54

Specifically, we are considering not only delivering foodstuffs to nursery schools, which we have been developing in the past, but also delivering them in the form of meal kits for business use. We still distribute foodstuffs to about 700 nursery schools, but the problem of labor shortages in nursery schools is becoming more and more serious, and we think that the skills we have accumulated through our B2C business in the area of food education, such as food that makes children happy, will be useful. That is what we would like to offer.

We would like to aim for JPY10 billion in five years. This figure is not included in today's materials, but I would like to work with that image in mind with regard to our new business.

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Enhance profitability

-1. CoGs

We will accelerate in-house production processing and improve the manufacturing efficiency of self-manufactured products such as Kit Oisix by utilizing manufacturing bases. In addition, by increasing the sales mix of private brand products with high originality, **the company aims to reduce costs by roughly 3% from FY2022/03 to FY2025/03 through overall cost improvement and increased royalties.**

-CoGs

1-1. Improved efficiency of the Kit manufacturing process and internalization of processing

Cost reduction through improved manufacturing efficiency of in-house products using the new Kit manufacturing plant and Food Rescue Center

Bumper crop, uneven ingredients



Food Waste



Old DC



Food Resche Center

1-2. Increase ratio of PB products

Enhance the composition of original products and services to improve continuous use and cost ratio.

-Ratio of PB products



85%



59%



57%



Oisix ra daichi

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This is the profitability part.

The cost is generally on schedule, but there is the Ebina matter, which is the former Ebina station of the Food Rescue Center, and this operation has been delayed a bit. We are making progress with no problems other than we are behind, but we are behind, and will do our best to operate well, and rescue foods to lower our cost of goods.

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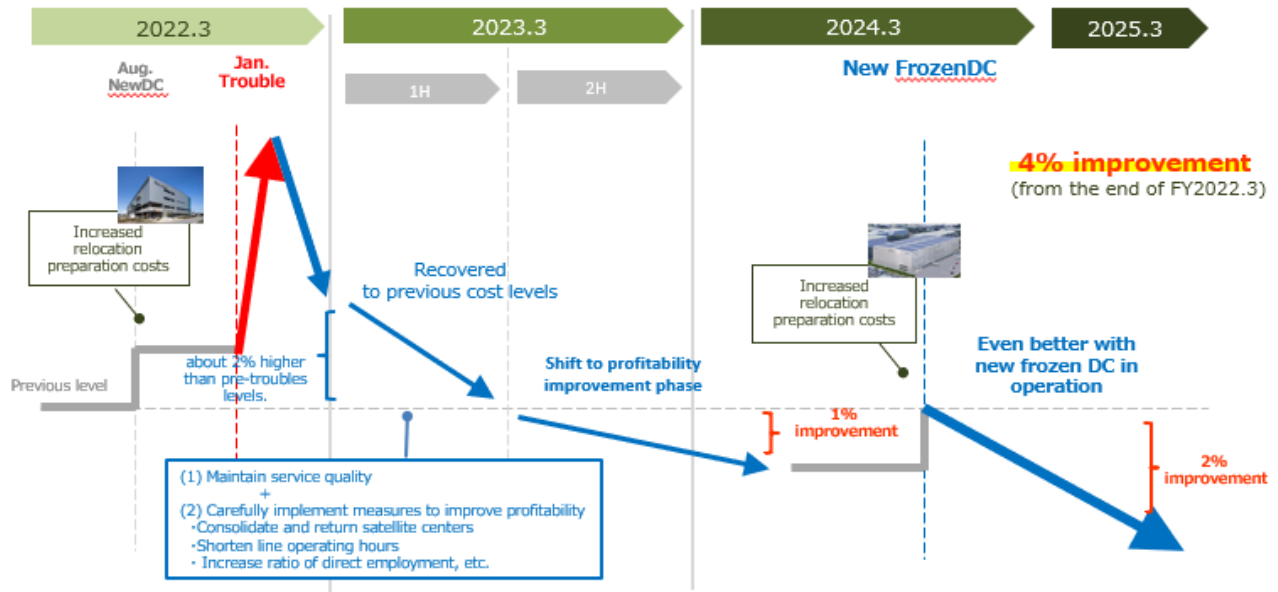
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Enhance profitability

-1. Distribution

In the first half of 2023.3, the company will carefully implement measures to restore profitability to the cost level prior to the logistics trouble. In the second half of the year, further improvement measures and higher utilization rates are expected to bring costs gradually back to the level projected in the pre-transfer plan. From 2024.3, the company aims to achieve a 4% reduction (2% company-wide impact) by 2025.3 (compared to the end of FY2022), including the relocation to newDC for frozen foods.

-Oisix Distribution cost reduction



Oisix ra daichi

Also, regarding Ebina, I mentioned earlier that the rate once rose from 10% to about 15%, and now it is about 8%. We hope to return this to 6% over the next six months, to the state it was in before the relocation.

The reason it is taking longer than expected is partly because we have decided that we should be more careful than we thought, and partly because we are being very careful because we cannot afford to inconvenience our customers. I had to make emergency arrangements for a six-month contract and several supply centers in the middle, but that inevitably led to a slightly longer contract, such as a six-month contract, because I couldn't make a one-month contract. I expect it to take until about H1 of the year, partly because that is what it will take for six months.

During H1 of the year, we hope to complete all of that work, and finish the work on the 1% further reduction that we had planned before the move, and prove in H2 of the year that our revenues are better than before. On top of that, Ebina is refrigerated this time, but we are planning a new frozen center next year, so we are looking to lower costs for that as well.

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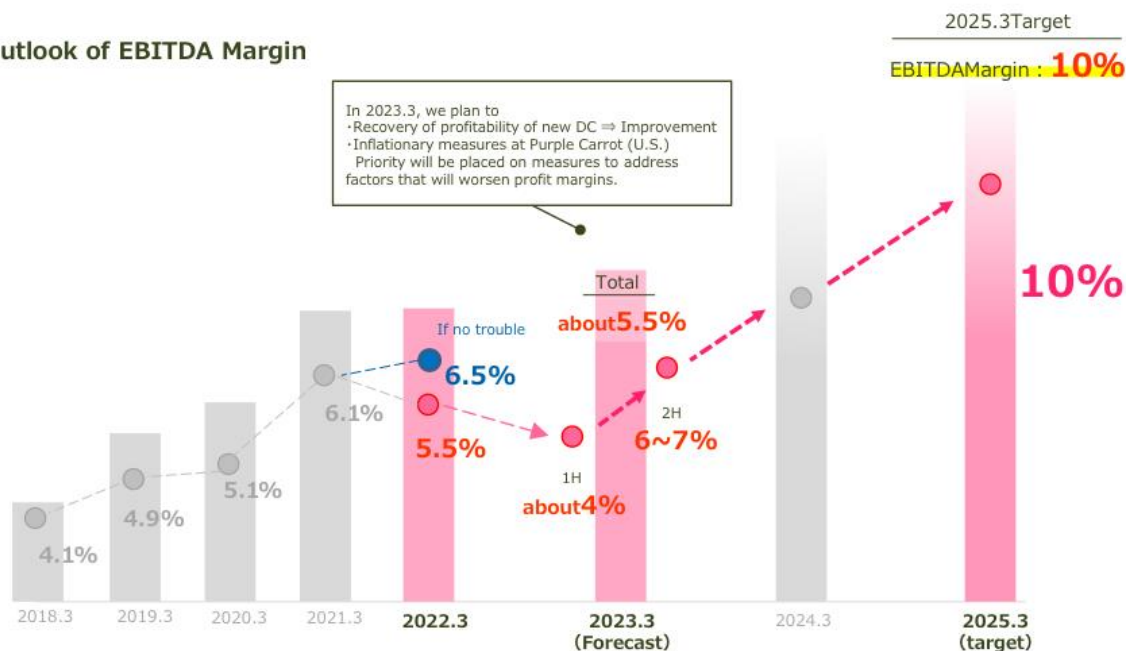
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Outlook of EBITDA Margin

In the first half of 2023.3, the company will carefully implement measures to restore profitability to the cost level before the logistics trouble. In the second half of the year, further improvement measures and higher utilization rates are expected to bring costs gradually back to the levels projected in the pre-transfer plan.

-Outlook of EBITDA Margin



Oisix ra daichi

* 実力値：コロナによる一時的なARPU上昇の影響を排除するため、ARPUをコロナ前の2020.3期の数値と仮定し計算 58

Future EBITDA margin of 10%, FY2025.

As for that, I think we can go without changing the target, but in the short term, I think there will be a slight deterioration in H1 of this year with the current situation. However, we would like to temporarily eliminate this area and bring it firmly to 10%.

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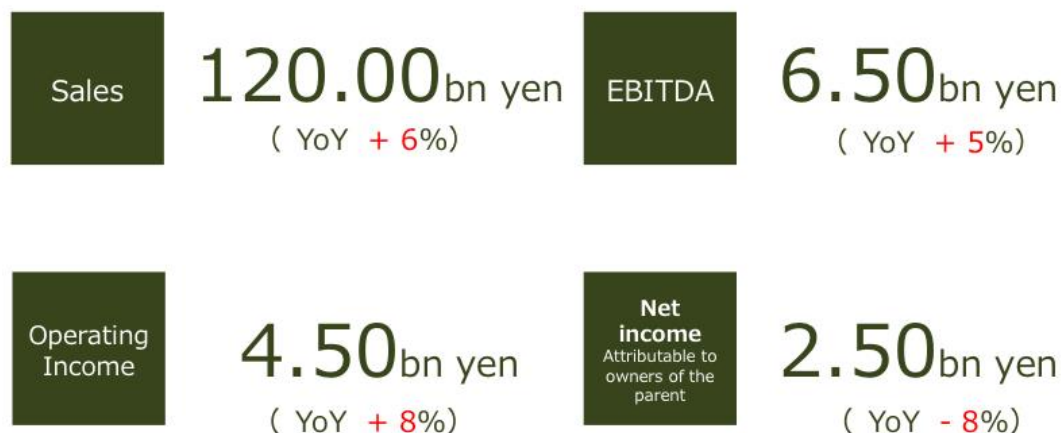
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2023.3 Outlook

✓ Regarding the forecast for the next fiscal year, we have factored in the possibility of a slowdown in membership growth due to Post COVID-19 pandemic atmosphere and a further decline in ARPU from this fiscal year's level.

- Sales**
- Domestic B2C subscription: membership growth slowed due to Post COVID-19, and ARPU may decline further from this year's level
 - Purple Carrot (U.S.): Includes impact of sales decline of -2.0 billion
 - As a result, sales are expected to increase by 7.0 billion yen (+6%) year on year.
- EBITDA**
- Domestic B2C subscription: Decline in profit margin due to further decline in ARPU from this fiscal year's level
 - Impact of a cautious schedule to improve the profitability of the new distribution center
 - Purple Carrot (U.S.): -1.5 billion in profit decline
 - As a result, EBITDA is expected to increase by 0.3 billion (+7%) year-on-year.



Oisix ra daichi

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Finally, we are planning for the current fiscal year.

I would like to keep it simple, but I would like to place a target of JPY120 billion in sales, JPY6.5 billion in EBITDA, and JPY4.5 billion in operating income.

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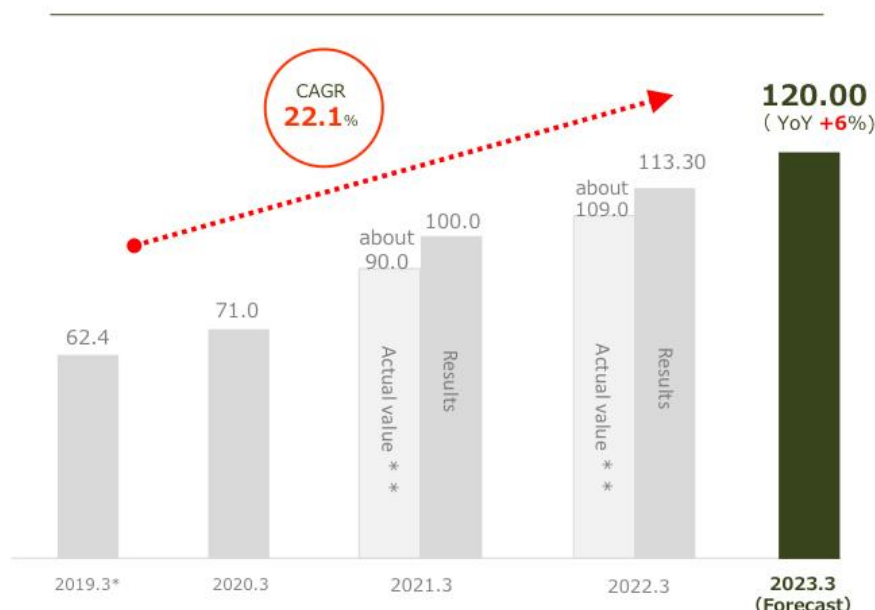
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2023.3 Consolidated Results Overview Sales

** (Note) Calculation of ARPU assumption.
To eliminate the one-off boost effects of COVID-19 on ARPU, we assume ARPU to be equal to 2020/3 or the level posted before COVID-19.

- Sales
- Domestic B2C subscription: membership growth slowed due to Post COVID-19, and ARPU may decline further from this year's level
 - Purple Carrot (U.S.): Includes impact of sales decline of -3.0 bn yen
 - As a result, sales are expected to increase by **7.0 bn yen (+6%) year on year.**



Oisix ra daichi

* For the purposes of like-for-like vs Target comparisons, one extra month of Radish Boya data (March 2018) was deducted from 2019/3 data.

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I would like to make the number a little more aggressive, and there are some areas where I thought we could go a little further, but last year we set a target of JPY105 billion, and we ended up with JPY113 billion, but some have pointed out that it is not very good to suddenly change the level of conservatism from year to year, so I would like to go with this number. I would like to keep the figure as it is.

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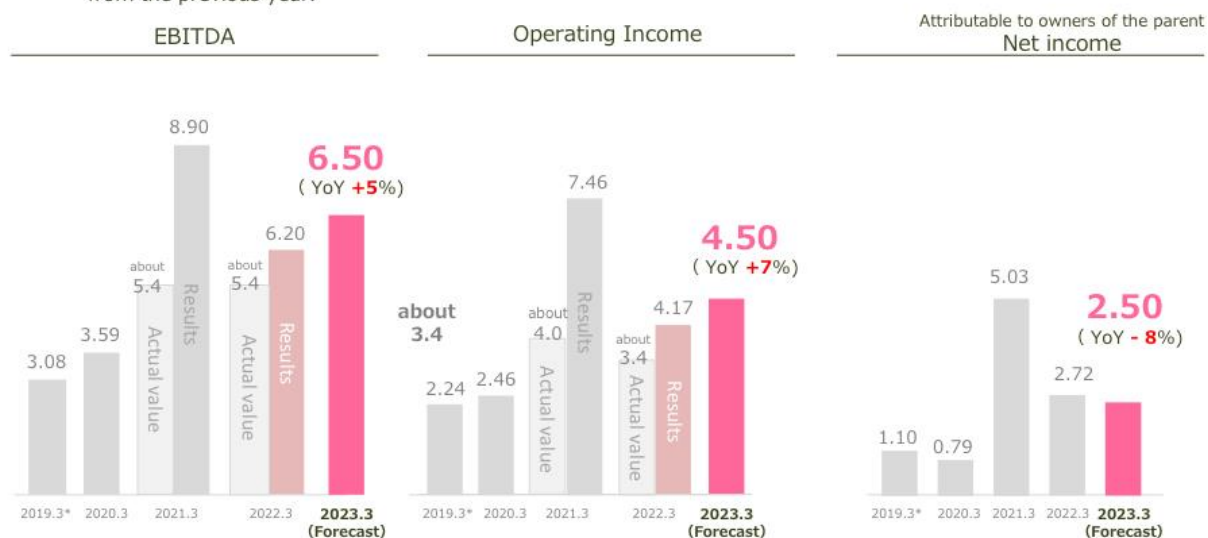
2023.3 Consolidated Results Overview Profits

(Note) Calculation of ARPU assumption.
To eliminate the one-off boost effects of COVID-19 on ARPU, we assume ARPU to be equal to 2020/3 or the level posted before COVID-19.

- EBITDA**
- Domestic B2C subscription: Decline in profit margin due to further decline in ARPU from this fiscal year's level
 - Impact of a cautious schedule to improve the profitability of the new Ebina Station
 - Purple Carrot (U.S.): -1.5 bn yen in profit decline
 - As a result, EBITDA is expected to increase by **0.3 billion (+7%) year-on-year**.

Operating Income

- Depreciation of the new distribution center increased, while amortization of goodwill was completed.
- As a result, depreciation and amortization (depreciation + amortization of goodwill) did not change significantly from the previous year.



Oisix ra daichi

* For the purposes of like-for-like vs Target comparisons, one extra month of Radish Boya data (March 2018) was deducted from 2019/3 data. 62

As for the big issues, in addition to making sure that the Ebina part of the Company is settled, we expect Purple Carrot to be in the red for the current fiscal year. I think one challenge will be to increase profits overall based on that part of the business.

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Policies and Outlook for 1H and 2H

1H :

- Improvement of profitability of the new distribution center is a top priority. Priority was placed on improving the profitability of the new distribution center, and measures such as the return of satellite centers were implemented in stages.

2H :

- Further improve logistics efficiency and move into the phase of improving profitability. Aim to move into the phase of improving profitability by further improving logistics efficiency. New promotions will be aggressively launched by utilizing customer-attraction methods and product services that are compatible with Post COVID-19.

| | 1H | 2H |
|--------|---|---|
| | Improvement of profitability of the new distribution center as a top priority | Entering profitability improvement phase, resumption of growth investments such as promotions, etc. |
| Sales | <ul style="list-style-type: none"> ✓ subscribers : Possibility of decrease in new acquisitions and increase in churn rate ✓ ARPU : Possible return to pre-COVID-19 levels ⇒ Develop AfterCOVID and inflation-compliant methods of attracting customers, products and services | <ul style="list-style-type: none"> + Reinforce promotions by utilizing methods and products developed in the first half of the fiscal year to attract customers. |
| Profit | <ul style="list-style-type: none"> ✓ Decrease in income due to slower growth and lower ARPU ✓ Oisix new Ebina Station's profitability recovery is complete | <ul style="list-style-type: none"> + Profitability recovery phase completed. Aiming to improve profitability compared to the former DC through further improvements. + Started operation of Food Rescue Center to promote in-house processing and reduce product costs (from July). |

Oisix ra daichi

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Regarding initiatives for the second half of H1, I think it is important to achieve a solid recovery in profitability, including at distribution centers, in H1.

Besides that, with the end of COVID-19, the profit margin is going down compared to when COVID-19 was there, because the sales per person is decreasing, and the profit margin is going down partly due to that, so we are predicting that in the future. I think it is very important in H1 of the year to build a structure that can generate profits even under such circumstances.

Then, in H2 of the year, we would like to proceed with relatively separate themes for H1 and H2 of the year, in order to be able to launch large-scale promotions.

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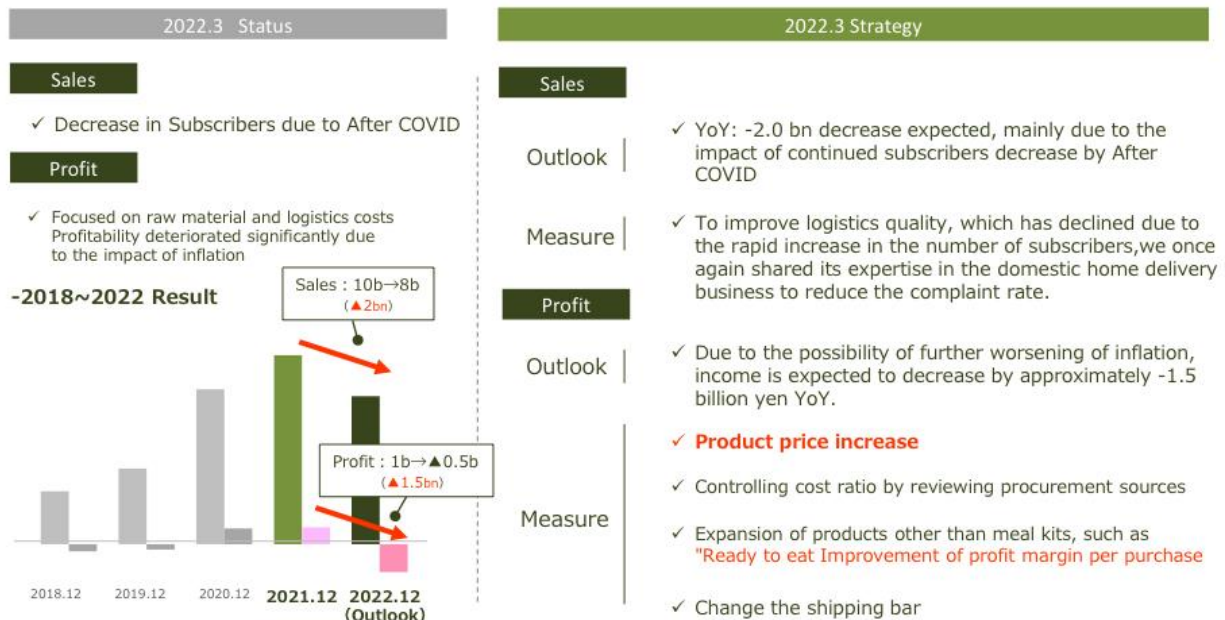
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Purple Carrot (US) Strategy

Purple Carrot (U.S.) currently expects sales and operating profit to decline by -2.0 billion yen and -1.5 billion yen, respectively, in the next fiscal year due to a significant deterioration in profitability caused by a decline in membership due to After COVID-19 and inflation. We aim to return to profitability as soon as possible by raising LTV through service quality improvements and implementing inflation countermeasures as quickly as possible.



Oisix ra daichi

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Purple Carrot has been mentioned several times earlier.

As for what is happening, one thing that is happening is that sales are down because of the end of COVID-19. Second, inflation is having a rather steep impact, which is making it difficult to make a profit. We are still at just about a ton, but we are getting into a situation where we are not getting out, and we will be raising prices and doing various other things, but we think it would be best to expect that we will inevitably be in a temporarily difficult phase.

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WeSupport

WeSupport Family, a food support platform for children's distressed families, is offered to 34 food and retailing support corporates, The number of support households has greatly increased to 30 thousand households.

In addition, food aid for Ukrainian displaced persons visiting Japan has begun.

WeSupport Family

Mainly for those led by single parents, WeSupport Family is a food support platform for needy families. Via such initiatives as use of excess inventories among supporting entities, we also aim to help solve the problem of food waste.

Support
Company

34

Food and retail companies

Recipient of
support

About

30,000

household



子どもたちの笑顔を支える食生活
WeSupport Family

WeSupport

Through WeSupport platforms,
Started providing food assistance to Ukrainian evacuees visiting Japan



▲ Handling vegetable juices to evacuees at a college dormitory
(Japan University)

Oisix ra daichi

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Lastly, on the ESG thing, we created a platform called WeSupport, which provides food for healthcare workers during the COVID-19 period. Many food companies supported the project, which was very much appreciated by the medical professionals. We are very grateful to the 34 food companies that have continued to cooperate with us in this program, which we are continuously developing for poor households with children, and single-parent children. Most recently, we are also considering providing food for evacuees from Ukraine.

I went a little over time. That is all. Thank you very much.

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Question & Answer

Sato [M]: Thank you very much, President Takashima. We will now move on to the question and answer session.

The question and answer session will be conducted in the form of a verbal question and answer session using Zoom. Questions from sell-side and buy-side investors will be followed by questions from the press. When asking a question, please state your company name and name at the beginning of your question, and limit each person to two questions. For those who are unable to speak due to their participation environment, we will also accept questions via text on the screen, so please enter your question.

We will now move on to the receiving of oral questions. We welcome questions from both sell-side and buy-side participants. Thank you for your patience.

First of all, Mr. Sumi, please unmute and ask your question.

Sumi [Q]: Thank you. My name is Sumi of Tokai Tokyo Research Center. Two questions, please.

First of all, I would like to ask you about ARPU in Q4. Oisix's ARPU seems a little high despite the logistics trouble, while both ARPU per frequency and ARPU per unit price of Daichi wo Mamoru Kai and Radishbo-ya appear to have declined in Q4. What are the factors behind this, and what are the factors behind Oisix's high ARPU level? Also, regarding your plan for this fiscal year, is JPY4.5 billion in operating income and JPY6.5 billion in EBITDA a minimum target that must be met, or do you see it as conservative in what areas you see as conservative? Could you first tell us about this? This is the first question.

Second, the new distribution center has been delayed. I understood that the satellite center is rented, but the distribution cost rate has increased by 1% to 2%. What is the reason for the delay in the effects of the project? I would like to hear more about this. Thank you for coming today.

Takashima [A]: Thank you very much. Regarding the first one, ARPU, I don't know if Oisix, Daichi, Radishbo-ya, and generally COVID-19 in Q4 are over, but the fact that you are now able to move freely and spend a little less time at home is a major factor in the slight decrease in the unit price.

In addition, I would say with Oisix, there was a center problem with it, so it would be strange to say that it could be a little less. I thought it would be a little less, but it wasn't as much as I thought it would be. I will have to analyze this in the future. I thought that the unit price would also go down because we narrowed down the product line considerably, but it did not go down that much. On the other hand, we know from customers' comments about cancellations that narrowing down the product lineup has led to cancellations, so we believe that recovery is necessary in either case. It's like that. It's like it didn't go down as much as we thought it would on Oisix's part.

As for Radishbo-ya and Daichi, it is not that they have gone down, but rather that they have not gone down as much as expected. It is still much higher than 2019 by about 5%, so we believe that Daichi and Radishbo-ya are also buying more than in 2019.

How do you think ARPU is going to be in this current year's forecast? The assumption of the estimation is that ARPU has become on par with 2019, so that's the kind of question I'm asking. The estimation of how much of ARPU is based on the assumption that each brand would be in the same state as in 2019.

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Regarding the delay in cost improvement at the new distribution center, the biggest problem, which overlaps with the previous point, was that we had trouble in January and could not deliver products to customers, so we set up several satellite centers and shipped products from them. Currently, shipments to Ebina are becoming more stable, so we are gradually bringing those that have been out once back to Ebina, or rather, joining them, but that itself is a six-month contract, so the cost will not change if we rush too much.

Other than that, the Ebina center can originally operate 24 hours a day, but there were no plans to do so immediately after the relocation. We were going to stop and operate during the night. That was immediately after the distribution center had problems, so it became a 24-hour operation right after it went into operation, and it continues to this day. As I mentioned, we are currently in the process of gradually merging the products that were being transported at the satellite center into Ebina. In the meantime, we are afraid to stop late-night operations at the same time, so another reason is that we continue to operate 24 hours a day.

We expect that the future trend will be to change the satellite transportation to a form where all the products are transported at Ebina without any problems, and to shorten the operation time.

Sumi [Q]: Thank you very much. Just to confirm on the first point, is the ARPU part of your plan for this fiscal year where you are looking at conservatively? Are you standing buffer at the cost?

Takashima [A]: What we see conservatively is, there are places where the ARPU part and the situation in the US are not as good as the situation in Japan, and that is where you are looking at the buffer and looking at the US.

Sumi [M]: Thank you very much. That is all.

Sato [Q]: Thank you, Mr. Sumi. I will then read out one question that we have received by text.

This is close to your current question, but I was wondering if you could tell me which aspects of next year's guidance you consider to be conservative, either by segment or by cost improvement. Thank you.

Takashima [A]: To repeat what I just said, regarding ARPU, we expect all brands to fall to the pre-COVID-19 level, and regarding the situation in the US, we expect the possibility of a worse situation than what the US team plans to produce. As for membership, I would say that we are conservatively looking at the fact that the end of COVID-19 may increase cancellations to some extent. That's what it looks like.

Sato [M]: Thank you very much. We have one question by a show of hands, so Mr. Saito, please unmute and ask your question.

Saito [Q]: This is Saito from Schonfeld. Two questions, please.

I think it says JPY4.5 billion in revenue growth for the three brands in this year's guidance, on page 65. Can you give us the breakdown figures for Oisix, Daichi, and Radishbo-ya, respectively? I think that Radishbo-ya and Daichi are about 5% higher in ARPU than before COVID-19, so that would mean a 5% increase in revenue for the three combined, but am I correct in assuming that subscriber growth will be about 10%? That is the first point.

The second point is that the cost of the new Ebina center is 8%, and I think you are saying that you would like to bring that down to 6% by the end of this fiscal year, but how much will the cost drop if these two points drop by two points on sales and by two points on value? I would like to ask you to do the following.

Takashima [A]: Regarding the first question, I have included an explanation on the page I have allocated today. To put it briefly, Daichi, and Radishbo-ya expect a slight decrease. Oisix will increase, and the basic idea about

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that is that ARPU will decrease, but membership will increase by double digits. In terms of sales and distribution costs, this is a ratio to Oisix's sales.

Therefore, Oisix's monthly sales are divided into sales that go through the distribution center and those that do not, and of the JPY64 billion projected for this year, approximately JPY60 billion are sales that are accounted for by the distribution center. If we revise this figure on a monthly basis, the average for the current fiscal year will be approximately JPY5 billion, and we are thinking that 2% of this amount will be JPY100 million. Rather than reducing it all at once, it will be in the form of a 2% reduction over the period of H1 of the year, so it will not be up to multiplying by six, but in the end, if we compare March and September and assume the same sales, we have a monetary sense that the distribution center costs are JPY100 million better off.

Saito [Q]: Is JPY100 million per month?

Takashima [A]: We have a monthly circulation of about JPY5 billion, and a 2% decrease in that amount would mean a monthly decrease of about JPY100 million.

Saito [Q]: So, on page 57, if we look at another 2% improvement in 2025-3, am I correct in understanding that there will be a reasonable amount of further improvement over the next two years in terms of amount?

Takashima [A]: I would like to realize that sales for two years will improve as a rate, although some of this cannot be done if it is constant, so we will also do this while expanding this as well.

Saito [M]: Thank you.

Takashima [A]: To put it a little more bluntly, a significant portion of the center costs are labor costs. I would like to mention that we operate 24 hours a day, but there are quite a few people for a 24-hour operation. In addition, there are satellites, so there is rent for the satellites, and there is also the cost of personnel on the satellite side. We believe that this can be achieved by firmly moving the entire system closer to Ebina and making it work, and by promoting labor savings, which is also the case for Atsugi.

Saito [Q]: I think the most recent energy costs and such have risen to a certain level. I think it will go up further in the future, but even taking this into account, I think you commented in your explanation that it has not had that much of an impact so far. How do you see the risk of this coming into effect in the future?

Takashima [A]: In terms of the impact of environmental changes, the price of wheat and raw materials may have a more direct effect than energy. The cost has gone up in the US. The cost of operating the distribution center has gone up very much because the cost of labor has gone up in the US rather than energy. About 1.4 times the cost of raw materials is the largest in the US, followed by the cost of raw materials. In Japan, the cost of raw materials is more important than the cost of energy, and how much the price of bread and pasta has gone up, depending on how much wheat has gone up. How much corporate effort will be made in response to that is, in all likelihood, the more significant impact that way, as I see it at this stage.

Saito [M]: Thank you.

Sato [M]: Thank you very much, Mr. Saito. Now, Mr. Watanabe, please continue with your request to unmute.

Watanabe [Q]: My name is Watanabe from Sparks Asset Management. I apologize if this also covers some of the aforementioned questions.

It is not a specific brand in terms of the expected decrease in ARPU, but you mentioned the impact of COVID-19 on the pre-COVID-19 level. Not only in the US, but also in Japan, the CPI has been gradually rising. Unlike in the US, I believe that consumers' wallets are of a certain size, and I was wondering if there is a risk that your

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company's purchase frequency will decrease when consumers have to cut back a little on their living expenses. At the same time, do you think it is difficult to be affected by inflation in Japan because many of your customers are specialty and premium customers who value their time more than their money? I would like to ask for your thoughts on this matter.

Takashima [A]: Especially with the meal kit product, I think it is easier than with other products to have people experience the impact. Of course, we need to be creative while the capacity of our customers' wallets remains the same, but at the same time, in our case, we are in an environment where we can use more, and more food-loss-like products. If the Food Rescue Center is established, it will be possible to use potatoes that are too small or tomatoes that have been harvested in too large quantities, for example, in meal kits, which could not be commercialized until now. I believe that this can be reflected in improving the cost ratio, and also on the side of making the price of the meal kit itself a little lower.

In the case of the US, we are buying directly from the market, and Purple Carrot is not able to do so, but in Japan, we are able to communicate directly with the producers, and we believe that we have the ability to absorb this in the form of meal kits and frozen foods filled with vegetables, which does not mean that there is no impact. This is not to say that there is no impact, but we believe that we can absorb some of the impact.

Watanabe [Q]: Thank you. In summary, do you believe that the impact can be mitigated through a combination of successful value promotion, and cost reduction efforts on your part?

Takashima [A]: I think as you say.

Watanabe [M]: Thank you. I understood very well.

Sato [Q]: Thank you very much. We will now turn to questions from the press. I will move on to questions by text at this time.

Purple Carrot, you asked if we can expect a similar trend of people flowing to real stores in Japan this quarter due to the reopening of restaurants as has happened in the US. Thank you.

Takashima [A]: The restaurant has already happened. I think the fact that restaurants are happening, and there are restaurants, is more a result of the fact that people are not eating lunch at home as a result of everyone going to the office more often. That is where I feel that the ARPU is getting back to where it was.

On the other hand, what is different from the US is that the churn rate has not increased. At this stage, we are not seeing an increase in cancellations, but rather, customers are continuing to use the restaurant and delivery service once they have started using it. I think the current situation in Japan is that they continue to use restaurants and home delivery.

Sato [Q]: Thank you very much. Let me move on to the next question.

You ask if it is easy to pass on prices regarding the impact of cost push, high raw material prices, farmers' greenhouses, wheat, et cetera. Thank you.

Takashima [A]: I don't think price shifting is that easy in Japan. In the case of the US, other companies will do it relatively soon, so it is more like Purple Carrot is going to do it from now on since the US was late in doing it. In the case of Japan, I don't think it is very easy to pass on the price, but as I mentioned, we can absorb the cost of raw materials by converting them into meal kits or frozen foods and selling them, rather than selling them as they are. We believe that it is possible to absorb such ingredients by making good use of those that are harvested in large quantities and would otherwise be thrown away in the fields, but which are actually very tasty.

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Sato [Q]: Thank you very much. Let me move on to the next question.

Please comment on the positioning and growth strategies of non-Oisix brands other than Radishbo-ya, Daichi wo Mamoru Kai and Tokushimaru in your mid-term strategy.

Takashima [Q]: With regard to Radishbo-ya and Daichi, in a manner of speaking, the forecast that we are putting out today is for a slight decrease, but, of course, we are not saying internally that a slight decrease is okay.

As for Radishbo-ya, last year the service called Fuzoroi Radish was a big hit, and has been growing. In the case of Radish, there are many customers who originally love to cook, and many of them use unmatched products while enjoying the challenge of cooking things they have never tried before, so I think it would be good for Radish to expand this trend.

As for Daichi, Radishbo-ya's customers are mainly in their 50s, while Daichi's are a bit older, in their 60s and 70s. In the case of Daichi, as has become more obvious with COVID-19, people who want to lead a healthy lifestyle by eating a diet that strengthens their immune system are using our products, so we are committed to providing products that meet their needs for a healthy lifestyle through diet rather than medicine. Although we are inevitably growing in some COVID-19 difficulties, we would like to achieve organic growth.

Tokushimaru has grown very much in the last year, and the number of units has increased. I believe that 1,000 units will go as well. As for the shopping refugees, there are still many of them. There are many of them in Tokyo. We believe that there are about 6,000 units in terms of market potential, so one thing we can do is to increase the number of units. On the other hand, until now Tokushimaru's approach has been to produce the number of units without having to make a profit, but now that we have reached 1,000 units, let's figure out a way to make a profit. Therefore, we are considering a slight change in our structure this fiscal year to make it more profitable while consulting with our 1,000 drivers. That is all.

Sato [Q]: Thank you very much. Our time is up, but since it is a few more questions, I would like to continue as is.

We feel bullish about the Oisix segment with a 15% increase in subscribers in the next fiscal year as expected after COVID-19. The question is whether there is any reason why the economic resumption situation is reflected in the decrease in ARPU rather than in the growth of subscribers. Thank you.

Takashima [A]: The 15% comes from the growth rate before COVID-19, which was about the same. As for ARPU, it clearly grew during the pandemic. There has been an increase in subscribers of over 15% for the past year or two.

Even before COVID-19, there were trends such as the increase in the number of co-workers and the importance of preparing meals in a short time that are comparable to those on Instagram, so we would like to challenge this 15% double-digit increase.

Sato [M]: Thank you very much. Now that we have received all the questions, I would like to conclude the briefing here. Thank you very much for taking time out of your busy schedule to join us today. Good-bye.

Takashima [M]: Thank you very much.

[END]

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