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On **May 21, 2020**, Oisix ra daichi Inc. announced earnings results for full-year FY03/20

Cumulative (JPYmm)	FY03/18				FY03/19				FY03/20				Full-year FY03/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	Est.
Sales	9,602	18,936	30,008	39,987	16,854	31,720	48,906	64,026	16,265	32,552	52,425	71,041	101.5%	70,000
YoY	78.5%	76.7%	75.3%	73.7%	75.5%	67.5%	63.0%	60.1%	-3.5%	2.6%	7.2%	11.0%		9.3%
Gross profit	4,439	8,845	14,050	18,727	7,939	15,069	23,313	30,522	7,712	15,357	24,684	33,818		
YoY	69.7%	68.3%	68.6%	67.2%	78.9%	70.4%	65.9%	63.0%	-2.9%	1.9%	5.9%	10.8%		
GPM	46.2%	46.7%	46.8%	46.8%	47.1%	47.5%	47.7%	47.7%	47.4%	47.2%	47.1%	47.6%		
SG&A expenses	4,297	8,608	13,358	17,835	7,329	13,954	21,048	28,209	7,169	14,457	23,086	31,351		
YoY	75.7%	72.7%	73.3%	70.7%	70.5%	62.1%	57.6%	58.2%	-2.2%	3.6%	9.7%	11.1%		
SG&A ratio	44.8%	45.5%	44.5%	44.6%	43.5%	44.0%	43.0%	44.1%	44.1%	44.4%	44.0%	44.1%		
Operating profit	142	238	693	891	610	1,115	2,266	2,312	543	901	1,597	2,467	112.1%	2,200
YoY	-16.7%	-12.3%	10.7%	18.4%	331.2%	369.5%	227.2%	159.4%	-11.0%	-19.3%	-29.5%	6.7%		-4.9%
OPM	1.5%	1.3%	2.3%	2.2%	3.6%	3.5%	4.6%	3.6%	3.3%	2.8%	3.0%	3.5%		3.1%
Recurring profit	156	260	728	937	626	1,139	2,288	2,302	478	743	1,423	1,826		
YoY	-12.9%	-9.1%	12.5%	20.4%	300.8%	338.7%	214.2%	145.6%	-23.7%	-34.7%	-37.8%	-20.7%		
RPM	1.6%	1.4%	2.4%	2.3%	3.7%	3.6%	4.7%	3.6%	2.9%	2.3%	2.7%	2.6%		
EBITDA	320	635	1,282	1,670	808	1,513	2,882	3,154	755	1,348	2,381	3,595	112.3%	3,200
YoY	42.2%	62.4%	58.3%	67.7%	152.5%	138.3%	124.8%	88.9%	-6.6%	-10.9%	-17.4%	14.0%		1.5%
EBITDA margin	3.3%	3.4%	4.3%	4.2%	4.8%	4.8%	5.9%	4.9%	4.6%	4.1%	4.5%	5.1%		4.6%
Net income	73	93	336	237	537	894	2,533	2,388	270	390	696	790	79.0%	1,000
YoY	-39.4%	-50.2%	-21.8%	-54.0%	638.7%	856.2%	653.7%	906.4%	-49.7%	-56.3%	-72.5%	-66.9%		-58.1%
Net margin	0.8%	0.5%	1.1%	0.6%	3.2%	2.8%	5.2%	3.7%	1.7%	1.2%	1.3%	1.1%		1.4%

Quarterly (JPYmm)	FY03/18				FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	9,602	9,334	11,072	9,980	16,854	14,867	17,186	15,120	16,265	16,287	19,873	18,615
YoY	78.5%	74.8%	73.1%	69.1%	75.5%	59.3%	55.2%	51.5%	-3.5%	9.6%	15.6%	23.1%
Gross profit	4,439	4,406	5,205	4,676	7,939	7,130	8,244	7,209	7,712	7,645	9,326	9,134
YoY	69.7%	67.0%	69.0%	63.3%	78.9%	61.8%	58.4%	54.1%	-2.9%	7.2%	13.1%	26.7%
GPM	46.2%	47.2%	47.0%	46.9%	47.1%	48.0%	48.0%	47.7%	47.4%	46.9%	46.9%	49.1%
SG&A expenses	4,297	4,310	4,750	4,478	7,329	6,625	7,094	7,162	7,169	7,287	8,629	8,265
YoY	75.7%	69.8%	74.3%	63.6%	70.5%	53.7%	49.3%	60.0%	-2.2%	10.0%	21.6%	15.4%
SG&A ratio	44.8%	46.2%	42.9%	44.9%	43.5%	44.6%	41.3%	47.4%	44.1%	44.7%	43.4%	44.4%
Operating profit	142	96	455	199	610	505	1,150	47	543	358	697	870
YoY	-16.7%	-5.0%	28.3%	56.4%	331.2%	426.1%	152.9%	-76.6%	-11.0%	-29.2%	-39.4%	1767.2%
OPM	1.5%	1.0%	4.1%	2.0%	3.6%	3.4%	6.7%	0.3%	3.3%	2.2%	3.5%	4.7%
Recurring profit	156	103	469	209	626	512	1,149	14	478	265	680	402
YoY	-12.9%	-2.7%	29.5%	59.7%	300.8%	395.9%	145.2%	-93.4%	-23.7%	-48.2%	-40.9%	2815.6%
RPM	1.6%	1.1%	4.2%	2.1%	3.7%	3.4%	6.7%	0.1%	2.9%	1.6%	3.4%	2.2%
EBITDA	320	315	647	388	808	705	1,369	272	755	593	1,033	1,214
YoY	42.2%	89.8%	54.4%	108.6%	152.5%	123.8%	111.6%	-29.9%	-6.6%	-15.9%	-24.5%	346.3%
EBITDA margin	3.3%	3.4%	5.8%	3.9%	4.8%	4.7%	8.0%	1.8%	4.6%	3.6%	5.2%	6.5%
Net income	73	21	243	-99	537	356	1,640	-146	270	120	306	94
YoY	-39.4%	-69.3%	0.3%	-	638.7%	1618.6%	575.7%	-	-49.7%	-66.3%	-81.4%	-
Net margin	0.8%	0.2%	2.2%	-	3.2%	2.4%	9.5%	-	1.7%	0.7%	1.5%	0.5%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Seasonal factors: Spend per order tends to be higher in Q3 (October–December) than the rest of the year because of sales of products with a high unit price including Christmas-related items, *nabe* (hotpot) dishes that are mainly consumed in winter, and *osechi* (food traditionally served at New Year). Profit particularly spikes in Q3.

Simple YoY comparisons of consolidated sales and earnings are not possible, because Daichi and Radish Boya were added to the consolidated financial statements from end FY03/17 and end FY03/18 respectively. (Note that only the balance sheets are consolidated as of financial year-end.)

Full-year FY03/20 results

Overview

Full-year FY03/20 sales were JPY71.0bn (+11.0% YoY), operating profit was JPY2.5bn (-6.7% YoY), EBITDA was JPY3.6bn (+14.0% YoY), and net income was JPY790mn (-66.9% YoY).

- ▷ Progress versus full-year company forecasts was sales 101.5%, operating profit 112.1%, and EBITDA 112.3%, meaning that these results all achieved company targets. Since March 2020 there has been increased demand for home delivery due to the spread of the novel coronavirus disease, leading to increase to sales of approximately JPY900mn and to operating profit of approximately JPY250mn, mainly in domestic home delivery businesses. However, net income only amounted to 79.0% of the full-year company forecast. Net income failed to reach the level forecast due to the recording of a JPY300mn impairment loss for goodwill amortization as an equity method non-operating expense, in consideration of the uncertain future outlook for affiliated company equity method affiliate Welcome Co., Ltd. (DEAN & DELUCA), which has temporarily closed stores.
- ▷ In FY03/19, 13 months (March 2018–March 2019) of Radish Boya's results were included following its consolidation. Excluding Radish Boya's results for March 2018 from full-year FY03/19, sales for the period were up 13.8% YoY, operating profit up 10.0%, net income down 65.9%, and EBITDA up 16.6%.
- ▷ According to the results published by the company at end-FY03/20, ARPU for existing subscribers rose by approximately 20% YoY for all businesses as a result of increased demand for home delivery due to people staying home in response to the spread of the novel coronavirus disease. However, it was necessary to suspend new subscriber acquisition when the limits of Oisix shipping capacity was neared. The company recognizes that immediate measures are necessary because, despite the suppression of PR expenses leading to higher profit in the short term, the suspension of new subscriber acquisition means the loss of future sales. Although it will be necessary to wait for the new Ebina Distribution Center to become operational (scheduled for September 2021) for a full-scale increase in shipping capacity, the company plans to make it through FY03/21 by making use of small SKU services, as well as Radish Boya's Zama distribution centers, and to establish additional satellite distribution centers in autumn 2020.
- ▷ The possibility of temporary segment profit being accumulated for the Oisix business in FY03/21, particularly in Q1, has increased due to the fact that PR expenses will be restrained in the short term due to the constraints of Oisix shipping capacity. However, as described above, it should be noted that this additional profit will also lead to the loss of future sales.
- ▷ For FY03/21 the company forecasts sales of JPY78.0bn (+9.8% YoY), operating profit of JPY3.0bn (+21.6% YoY), net income attributable to owners of the parent of JPY1.2bn (+51.9% YoY). The company forecasts EBITDA of JPY4.4bn (+22.4% YoY). These forecasts assume that the request to refrain from going out will gradually ease from June 2020. They are based on a consideration of the increased demand for home food delivery services on the one hand, but also increased expenses associated with the responding to the novel coronavirus pandemic such as promoting remote working, and slowdown of consumer sentiment within Japan that is expected to follow easing of the request to refrain from going out, on the other hand. The company forecasts subscriber count at mainstay brand Oisix to increase to 275,000 at end-FY03/21 (up 30,000 subscribers). The Oisix subscriber count forecast reflects the impact of the recent suspension on new subscriber acquisitions.
- ▷ The listing of the company's shares was transferred to First Section of the Tokyo Stock Exchange on 9 April, 2020.
- ▷ The company undertook equity financing in April 2020 (announced in March 2020). The public offering of new shares together with a separate private placement is expected to bring in net proceeds of up to JPY4,548mn. Of this amount, JPY3,560mn has been budgeted for investment spending on the company's new Ebina Distribution Center and computer systems, with this spending expected to be completed by October 2021. Another JPY880mn has been budgeted for upgrading core systems, including upgrades of the core system platform for the Radish Boya business; this investment

spending is expected to be completed by March 2023. Any overage above the JPY4,480mn (planned for use as described above) is slated for use by March 2021 to fund advertising/promotional spending and other working capital needs.

Segment information

KPIs of the three home delivery businesses

		FY03/18				FY03/19				FY03/20			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Oisix	No. of subscribers	147,474	155,827	162,891	169,664	179,942	189,352	197,272	205,976	225,553	230,556	236,836	244,740
	ARPU (JPY)	11,833	11,057	11,587	11,602	11,562	11,127	11,534	11,183	11,244	10,616	11,384	11,721
	Average spend (JPY)	5,817	5,704	5,908	5,925	6,002	5,973	6,150	6,015	5,887	5,839	6,056	6,152
	Purchase frequency (x)	2.03	1.94	1.96	1.96	1.93	1.86	1.88	1.86	1.91	1.82	1.88	1.91
Daichi	No. of subscribers	45,300	43,687	43,864	44,993	44,111	43,835	42,996	40,210	38,571	37,587	37,257	37,188
	ARPU (JPY)	19,884	19,875	22,209	19,240	20,122	19,386	21,848	19,758	21,232	21,443	23,679	22,170
	Average spend (JPY)	7,589	7,700	8,336	7,726	7,770	7,553	8,529	7,811	7,990	8,026	8,472	8,386
	Purchase frequency (x)	2.60	2.58	2.67	2.49	2.59	2.57	2.56	2.53	2.66	2.67	2.79	2.64
Radish Boya	No. of subscribers	88,087	87,951	89,224	78,062	74,949	72,101	66,233	63,144	61,507	59,927	58,655	57,393
	ARPU (JPY)	16,457	15,896	17,149	16,639	17,277	17,177	18,988	17,264	18,301	18,277	20,028	18,681
	Average spend (JPY)	5,501	5,518	5,889	5,278	5,460	5,616	6,114	5,869	6,055	6,060	6,398	6,296
	Purchase frequency (x)	2.99	2.88	2.91	3.15	3.16	3.06	3.11	2.94	3.02	3.02	3.13	3.01
Oisix	No. of subscribers YoY	124.8%	125.4%	124.7%	123.5%	122.0%	121.5%	121.1%	121.4%	125.3%	121.8%	120.1%	118.8%
	ARPU YoY	97.9%	95.4%	96.9%	97.2%	97.7%	100.6%	99.5%	96.4%	97.2%	95.4%	98.7%	104.8%
	Average spend YoY	99.0%	98.4%	98.9%	100.9%	103.2%	104.7%	104.1%	101.5%	98.1%	97.8%	98.5%	102.3%
	Purchase frequency YoY	98.5%	97.0%	98.0%	96.6%	95.1%	95.9%	95.9%	94.9%	99.0%	97.8%	100.0%	102.7%
Daichi	No. of subscribers YoY	100.5%	95.6%	94.5%	97.5%	97.4%	100.3%	98.0%	89.4%	87.4%	85.7%	86.7%	92.5%
	ARPU YoY	94.3%	99.1%	104.2%	100.9%	101.2%	97.5%	98.4%	102.7%	105.5%	110.6%	108.4%	112.2%
	Average spend YoY	99.8%	102.3%	104.7%	102.7%	102.4%	98.1%	102.3%	101.1%	102.8%	106.3%	99.3%	107.4%
	Purchase frequency YoY	93.9%	96.6%	100.0%	98.4%	99.6%	99.6%	95.9%	101.6%	102.7%	103.9%	109.0%	104.3%
Radish Boya	No. of subscribers YoY	96.2%	95.4%	98.6%	88.7%	85.1%	82.0%	74.2%	80.9%	82.1%	83.1%	88.6%	90.9%
	ARPU YoY	98.8%	97.4%	98.3%	102.8%	105.0%	108.1%	110.7%	103.8%	105.9%	106.4%	105.5%	108.2%
	Average spend YoY	99.2%	99.5%	102.4%	98.1%	99.3%	101.8%	103.8%	111.2%	110.9%	107.9%	104.6%	107.3%
	Purchase frequency YoY	99.7%	98.0%	96.0%	104.7%	105.7%	106.3%	106.9%	93.3%	95.6%	98.7%	100.6%	102.4%

Source: Shared Research based on company data.

Notes: ARPU and purchase frequency are monthly figures. Average spend is per order. At Daichi and Radish Boya, changes in how subscriber count is defined have resulted in the loss of continuity with data after Q4 FY03/18.

- ▷ The number of Oisix subscribers has been increasing because of a steady rise in customers purchasing Kit Oisix (150,093 at end March 2020, +35.0% YoY), with new customers attracted by meal kits.
- ▷ At Daichi, the number of subscribers has been declining since Q4 FY03/18 while ARPU has been on the rise since the same quarter. This reflects changes in services and the company's ongoing promotions.
- ▷ The number of Radish Boya subscribers has been coming down for some time as the company changed the delivery fee schedule and made other changes aimed at reducing the number of light users (whose order value is below the company's breakeven point per order) and otherwise increase profits as opposed to sales. In addition to reducing the number of light users, the company's move to focus more resources on making purchase proposals to existing subscribers has led to increases in average spend.
- ▷ According to the results published by the company at end-FY03/20, ARPU for existing subscribers rose by approximately 20% YoY for all businesses as a result of increased demand for home delivery due to people staying home in response to the spread of the novel coronavirus. However, because the request to refrain from going out was only made forcefully in Japan from March 2020, only a partial effect has been reflected in Q4 (January–March) FY03/20. The company does not expect this increased ARPU to continue in the long term, but rather to decline as people start to go out again.

Change in the definition of “number of subscribers”: Until end FY03/19, the definitions of “number of subscribers” differed by brand. Following the company’s push toward more stringent subscription management, definitions at Daichi and Radish Boya were revised to exclude inactive users. While KPI figures for FY03/18 and FY03/19 have been retroactively restated to reflect this change, continuity is not maintained for figures prior to FY03/18.

Seasonal factors: Spend per order tends to be higher in Q3 (October–December) than the rest of year because of sales of products with a high unit price including Christmas-related items, *nabe* (hotpot) dishes that are mainly consumed in winter, and *osechi* (food traditionally served at New Year). Profit particularly spikes in Q3.

Sales and profit by individual segments

Segments	FY03/18				FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cumulative (JPYmn)												
Sales	9,602	18,936	30,008	39,987	16,854	31,720	48,906	64,026	16,265	32,552	52,425	71,041
YoY	78.5%	76.7%	75.3%	73.7%	75.5%	67.5%	63.0%	60.1%	-3.5%	2.6%	7.2%	11.0%
Home Delivery: Oisix	5,790	11,470	18,481	24,799	6,864	13,769	22,191	29,619	8,308	16,524	26,523	35,830
YoY	-	-	-	-	18.5%	20.0%	20.1%	19.4%	21.0%	20.0%	19.5%	21.0%
Home Delivery: Daichi wo Mamoru Kai	2,790	5,487	8,508	11,215	2,769	5,440	8,406	10,902	2,587	5,138	7,937	10,541
YoY	-	-	-	-	-0.8%	-0.9%	-1.2%	-2.8%	-6.6%	-5.6%	-5.6%	-3.3%
Home Delivery: Radish Boya	-	-	-	-	5,811	9,926	14,346	18,028	3,771	7,460	11,410	14,981
YoY	-	-	-	-	-	-	-	-	-35.1%	-24.8%	-20.5%	-16.9%
Other	1,109	2,164	3,264	4,251	1,483	2,756	4,199	5,794	1,663	3,529	6,384	9,962
YoY	-	-	-	-	33.6%	27.4%	28.6%	36.3%	12.2%	28.1%	52.0%	71.9%
Adjustments	-88	-185	-246	-278	-74	-171	-236	-318	-64	-99	172	-273
Operating profit	142	238	693	891	610	1,115	2,266	2,312	543	901	1,597	2,467
YoY	-16.7%	-12.3%	10.7%	18.4%	331.2%	369.5%	227.2%	159.4%	-11.0%	-19.3%	-29.5%	6.7%
Operating profit margin	1.5%	1.3%	2.3%	2.2%	3.6%	3.5%	4.6%	3.6%	3.3%	2.8%	3.0%	3.5%
Home Delivery: Oisix	674	1,392	2,421	3,288	970	1,943	3,371	4,036	933	1,868	3,261	4,801
YoY	-	-	-	-	43.9%	39.6%	39.2%	22.7%	-3.8%	-3.9%	-3.3%	19.0%
OPM	11.6%	12.1%	13.1%	13.3%	14.1%	14.1%	15.2%	13.6%	11.2%	11.3%	12.3%	13.4%
Home Delivery: Daichi wo Mamoru Kai	539	1,078	1,650	2,095	479	960	1,536	1,989	457	885	1,397	1,889
YoY	-	-	-	-	-11.1%	-10.9%	-6.9%	-5.1%	-4.6%	-7.8%	-9.0%	-5.0%
OPM	19.3%	19.6%	19.4%	18.7%	17.3%	17.6%	18.3%	18.2%	17.7%	17.2%	17.6%	17.9%
Home Delivery: Radish Boya	-	-	-	-	1,030	1,765	2,657	3,342	688	1,273	2,001	2,667
YoY	-	-	-	-	-	-	-	-	-33.2%	-27.9%	-24.7%	-20.2%
OPM	-	-	-	-	17.7%	17.8%	18.5%	18.5%	18.2%	17.1%	17.5%	17.8%
Other	185	384	571	760	154	290	479	724	256	557	656	846
YoY	-	-	-	-	-16.8%	-24.5%	-16.1%	-4.7%	66.2%	92.1%	37.0%	16.9%
OPM	16.7%	17.7%	17.5%	17.9%	10.4%	10.5%	11.4%	12.5%	15.4%	15.8%	10.3%	8.5%
Adjustments	1,257	2,853	3,951	5,253	2,024	3,844	5,779	7,779	1,792	3,683	5,719	7,736

Segments	FY03/18				FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Quarterly (JPYmn)												
Sales	9,602	9,334	11,072	9,980	16,854	14,867	17,186	15,120	16,265	16,287	19,873	18,615
YoY	78.5%	74.8%	73.1%	69.1%	75.5%	59.3%	55.2%	51.5%	-3.5%	9.6%	15.6%	23.1%
Home Delivery: Oisix	5,790	5,680	7,011	6,318	6,864	6,905	8,422	7,428	8,308	8,216	9,999	9,307
YoY	-	-	-	-	18.5%	21.6%	20.1%	17.6%	21.0%	19.0%	18.7%	25.3%
Home Delivery: Daichi wo Mamoru Kai	2,790	2,697	3,021	2,707	2,769	2,671	2,965	2,497	2,587	2,551	2,799	2,604
YoY	-	-	-	-	-0.8%	-1.0%	-1.8%	-7.8%	-6.6%	-4.5%	-5.6%	4.3%
Home Delivery: Radish Boya	-	-	-	-	5,811	4,115	4,420	3,682	3,771	3,689	3,950	3,571
YoY	-	-	-	-	-	-	-	-	-35.1%	-10.3%	-10.6%	-3.0%
Other	1,109	1,054	1,100	987	1,483	1,273	1,443	1,595	1,663	1,866	2,854	3,578
YoY	-	-	-	-	33.6%	20.7%	31.2%	61.6%	12.2%	46.6%	97.8%	124.4%
Adjustments	-88	-97	-61	-32	-74	-97	-65	-82	-64	-34	271	-445
Operating profit	142	96	455	199	610	505	1,150	47	543	358	697	870
YoY	-16.7%	-5.0%	28.3%	56.4%	331.2%	426.1%	152.9%	-76.6%	-11.0%	-29.2%	-39.4%	1767.2%
Operating profit margin	1.5%	1.0%	4.1%	2.0%	3.6%	3.4%	6.7%	0.3%	3.3%	2.2%	3.5%	4.7%
Home Delivery: Oisix	674	718	1,029	867	970	973	1,428	665	933	935	1,393	1,540
YoY	-	-	-	-	43.9%	35.5%	38.8%	-23.3%	-3.8%	-3.9%	-2.5%	131.6%
OPM	11.6%	12.6%	14.7%	13.7%	14.1%	14.1%	17.0%	9.0%	11.2%	11.4%	13.9%	16.5%
Home Delivery: Daichi wo Mamoru Kai	539	539	572	445	479	481	576	453	457	428	512	492
YoY	-	-	-	-	-11.1%	-10.8%	0.7%	1.8%	-4.6%	-11.0%	-11.1%	8.6%
OPM	19.3%	20.0%	18.9%	16.4%	17.3%	18.0%	19.4%	18.1%	17.7%	16.8%	18.3%	18.9%
Home Delivery: Radish Boya	-	-	-	-	1,030	735	892	685	688	585	728	666
YoY	-	-	-	-	-	-	-	-	-33.2%	-20.4%	-18.4%	-2.8%
OPM	-	-	-	-	17.7%	17.9%	20.2%	18.6%	18.2%	15.9%	18.4%	18.7%
Other	185	199	187	189	154	136	189	245	256	301	99	190
YoY	-	-	-	-	-16.8%	-31.7%	1.1%	29.6%	66.2%	121.3%	-47.6%	-22.4%
OPM	16.7%	18.9%	17.0%	19.2%	10.4%	10.7%	13.1%	15.4%	15.4%	16.1%	3.5%	5.3%
Adjustments	1,257	1,596	1,098	1,302	2,024	1,820	1,935	2,000	1,792	1,891	2,036	2,017

Source: Shared Research based on company data.

Note: Profit forecasts for individual segments represent the company’s initial forecasts. Profit figures for individual segments are marginal profit, defined by the company as “sales minus costs that can be linked to each business segment.”

Goodwill amortization is not reflected in the profit figures shown for individual segments, and is included in adjustments.

Except for the personnel expenses related to employees who are not full-time, regular employees (i.e. those that are part-time or contract workers), all personnel expenses (including wages, salaries, allowance, and mandatory social welfare payments) are recorded under corporate overhead (adjustments) and not at the individual segment level.

Oisix home delivery business

Sales were JPY35.8bn (+21.0% YoY) and marginal profit (defined by the company as “sales minus costs that can be linked to each business segment”) was JPY4.8bn (+19.0% YoY).

- ▷ The company was able to boost the number of subscribers to its home delivery service Oisix Club from 205,976 at end FY03/19 to 244,740 at end FY03/20. This was approximately 10,000 more subscribers than initially forecast.

Daichi home delivery business

Sales were JPY10.5bn (-3.3% YoY) and marginal profit was JPY1.9bn (-5.0% YoY).

- ▷ The Daichi service saw its subscriber count decline from 40,210 at end FY03/19 to 37,188 at end FY03/20.

Radish Boya home delivery business

Sales were JPY15.0bn (-16.9% YoY) and marginal profit was JPY2.7bn (-20.2% YoY).

- ▷ The number of Radish Boya subscribers declined from 63,144 at end FY03/19 to 57,393 at end FY03/20.

Other businesses

Sales were JPY10.0bn (+71.9% YoY) and marginal profit was JPY846mn (+16.9% YoY).

- ▷ From Q3 FY03/20, Three Limes Inc.’s results (trading as Purple Carrot) including amortization of goodwill) have been consolidated. Due to different fiscal year ends, Purple Carrot’s July-December figures were consolidated this quarter.

Other information

Net income declined by JPY1.2bn due to the absence of additional deferred tax assets (stemming from reductions in corporate taxes as a result of the merger with Radish Boya) the company recognized in FY03/19.

Progress toward initial full-year forecasts

% of initial full-year forecasts	FY03/18				FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total sales	25.3%	49.8%	79.0%	105.2%	27.6%	52.0%	80.2%	105.0%	23.2%	46.5%	74.9%	101.5%
Home Delivery: Oisix	24.1%	47.8%	77.0%	103.4%	24.7%	49.5%	79.8%	106.5%	23.8%	47.3%	76.0%	102.7%
Home Delivery: Daichi	25.7%	50.6%	78.5%	103.5%	24.0%	47.1%	72.8%	94.4%	23.7%	47.1%	72.8%	96.7%
Home Delivery: Radish Boya	-	-	-	-	38.0%	64.9%	93.8%	117.9%	24.6%	48.8%	74.6%	97.9%

Source: Shared Research based on company data.

- ▷ Progress in the Oisix businesses in full-year FY03/20 exceeded forecasts for the period. However, progress for Daichi wo Mamoru Kai (Daichi) and Radish Boya fell below initial forecasts.
- ▷ A simple YoY comparison is not possible for Radish Boya because FY03/19 included 13 months’ worth of results.
- ▷ In a typical year, the rate of progress for sales toward initial full-year forecasts tends to rise in Q3. Furthermore, spend per order tends to be higher in Q3 (October–December) than the rest of the year because of sales of products with a high unit price including Christmas-related items, *nabe* (hotpot) dishes that are mainly consumed in winter, and *osechi* (traditional New Year cuisine).

Company forecasts for FY03/21

(JPYmn)	FY03/19			FY03/20			FY03/21
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	FY Est.
Sales	31,720	32,306	64,026	32,552	38,489	71,041	78,000
CoGS	16,651	16,853	33,504	17,195	20,028	37,223	
Gross profit	15,069	15,453	30,522	15,357	18,461	33,818	
GPM	47.5%	47.8%	47.7%	47.2%	48.0%	47.6%	
SG&A expenses	13,954	14,256	28,209	14,457	16,894	31,351	
SG&A ratio	44.0%	44.1%	44.1%	44.4%	43.9%	44.1%	
Operating profit	1,115	1,197	2,312	901	1,567	2,467	3,000
OPM	3.5%	3.7%	3.6%	2.8%	4.1%	3.5%	3.8%
Recurring profit	1,139	1,163	2,302	743	1,082	1,826	
RPM	3.6%	3.6%	3.6%	2.3%	2.8%	2.6%	
EBITDA	1,513	1,641	3,154	1,348	2,247	3,595	4,400
EBITDA margin	4.8%	5.1%	4.9%	4.1%	5.8%	5.1%	5.6%
Net income	894	1,494	2,388	390	400	790	1,200
Net margin	2.8%	4.6%	3.7%	1.2%	1.0%	1.1%	1.5%

Source: Shared Research based on company data.

Full-year FY03/21 company forecast

For FY03/21, the company is forecasting consolidated sales of JPY78.0bn (+9.8% YoY), operating profit of JPY3.0bn (+26.1% YoY), net income attributable to owners of the parent of JPY1.2bn (+51.9% YoY), and EBITDA of JPY4.4bn (+22.4% YoY). These forecasts assume that the request to refrain from going out will gradually ease from June 2020. They are based on a consideration of the increased demand for home food delivery services on the one hand, but also increased expenses associated with the responding to the novel coronavirus pandemic such as promoting remote working, and slowdown of consumer sentiment within Japan that is expected to follow easing of the request to refrain from going out, on the other hand. The company forecasts subscriber count at mainstay brand Oisix to increase to 275,000 at end FY03/21 (up 30,000 subscribers). The Oisix subscriber count forecast reflects the impact of the recent suspension on new subscriber acquisitions.

- ▷ According to the results published by the company at end-FY03/20, ARPU for existing subscribers rose by approximately 20% YoY for all businesses as a result of increased demand for home delivery due to people staying home in response to the spread of the novel coronavirus disease. However, it was necessary to suspend new subscriber acquisition when the limits of Oisix shipping capacity was neared. The company recognizes that immediate measures are necessary because, despite the suppression of PR expenses leading to higher profit in the short term, the suspension of new subscriber acquisition means the loss of future sales. Although it will be necessary to wait for the new Ebina Distribution Center to become operational (scheduled for September 2021) for a full-scale increase in shipping capacity, the company plans to make it through FY03/21 by making use of small SKU services, as well as Radish Boya's Zama distribution centers, and to establish additional satellite distribution centers in autumn 2020.
- ▷ The possibility of temporary segment profit being accumulated for the Oisix business in FY03/21, particularly in Q1, has increased due to the fact that PR expenses will be restrained in the short term due to the constraints of Oisix shipping capacity. However, as described above, it should be noted that this additional profit will also lead to the loss of future sales.
- ▷ As described above, as of end-FY03/20, ARPU for existing subscribers has risen by approximately 20% YoY for all businesses as a result of increased demand for home delivery due to people staying home in response to the spread of the novel coronavirus disease. However, because the request to refrain from going out was only made forcefully in Japan from March 2020, only a partial effect has been reflected in Q4 (January–March) FY03/20. The company does not expect this increased ARPU to continue in the long term, but rather to decline as people start to go out again.

This note is the most recent addition to the [full report](#).

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