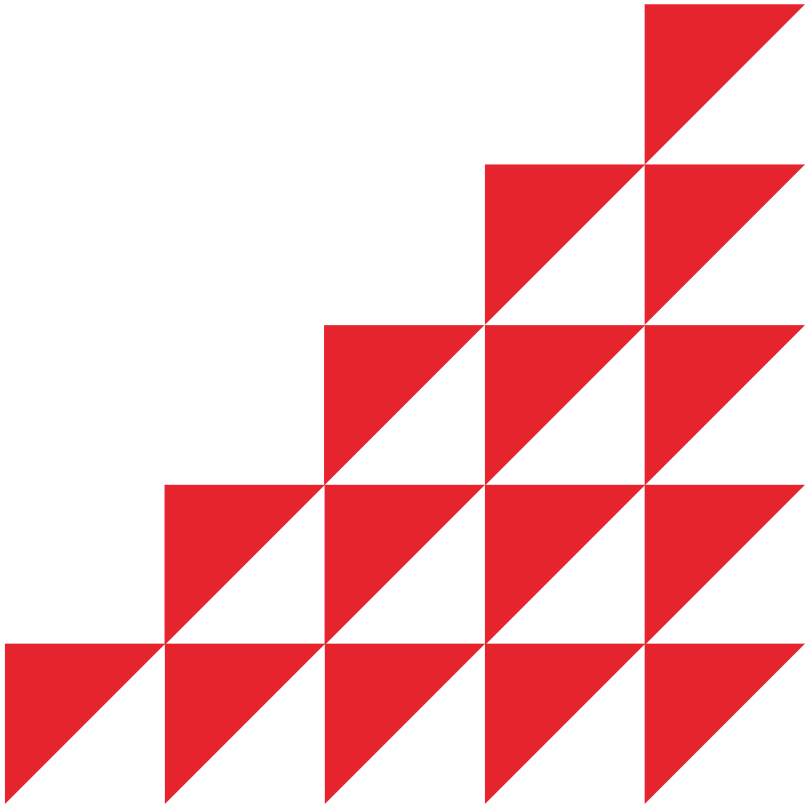
FY25/3 Q1 Earnings Report

Foodison, Inc.
TSE Growth 7114

August 14, 2024



1 | FY25/3 Q1 Financial Results

2 | Company Overview

3 | Growth Strategy

4 | Appendix



FY25/3 Q1 Financial Results

FOODISON

FY25/3 Q1 Key Metrics

Financial Highlights

Revenue
(Y/Y growth rate)
1,629MM (+10.5%)

Growth Profit
(Y/Y growth rate)
609MM (+17.3%)

EBITDA(1)
(Y/Y growth rate)
74MM (+81.3%)

Key Business Metrics

Company

OPEX Ratio(2)
(Y/Y Increase)
32.8%
(+0.4pts)

Ad Expenditure Ratio
(Y/Y Increase)
2.0%
(+0.1pts)

BtoB Commerce

Q1 Active Users(3)
(Y/Y growth rate)
4,095
(+6.3%)

Q1 ARPU(4)
(Y/Y growth rate)
102K
(+4.6%)

(1) EBITDA = Operating Profit + depreciation and amortization, hereinafter referred to as "EBITDA"
(2) OPEX refers to Operating Expenditure which is calculated by subtracting depreciation and amortization expenses from SG&A. OPEX Ratio refers to a ratio of OPEX versus revenue.
(3) Refers to the number of users who placed at least one order each month. Figures are quarterly averages of monthly Active Users
(4) ARPU (Average Revenue Per User) refers to the average monthly revenue per active user

FY25/3 Q1 Financial and Business Highlights

Quarterly Financial Highlights

Revenue and profits increased steadily compared to the previous year

- **EBITDA resulted in outstanding growth**
  - Revenue 1,629 MM JPY （Y/Y +10.5%）
  - EBITDA 74 MM JPY (Y/Y +81.3%）

BtoB Commerce and HR led the overall growth

- **The growth of active users and ARPU remains robust**
  - BtoB Commerce Revenue 1,265 MM JPY （Y/Y +11.2%）
  - HR Revenue 119 MM JPY （Y/Y +26.0%）

An upward trend in gross profit margin remains robust

- **Gross profit margin improved due to structural changes aimed at expanding the margin and an increase in a composition ratio of HR revenue**
  - Gross Profit Margin 37.4% （Y/Y +2.1pts ）
  - Gross Profit Margin excluding HR 32.5% （Y/Y +1.7pts ）

Business Highlights

- Number of SKUs(1) increased with the opening of the new Fulfilment Center(2)
- New user interface released for Uopochi (BtoB Commerce)
- BtoC commerce is strengthening sales for local governments, such as holding promotion events of local products through our stores
- HR is making steady progress in recruiting

(1) Stock Keeping Unit
(2) “FFC” hereinafter

FY25/3 Q1 Financial Results

- Quarterly revenue increased by +10.5% (Y/Y), while EBITDA saw a notable increase of +81.3% (Y/Y)
- In particular, HR revenue grew significantly by 26.0%(Y/Y)
- BtoC commerce revenue increased by +1.2%(Y/Y), while the number of stores decreased net compared to FY24/3 Q1

(MM JPY)	**FY25/3 Q1** (Apr - Jun 2024)	24/3 Q1 (Apr - Jun 2023)	Y/Y
Revenue	**1,629**	1,474	+10.5%
BtoB Commerce	**1,265**	1,138	+11.2%
BtoC Commerce	**243**	240	+1.2%
HR	**119**	95	+26.0%
Gross Profit	**609**	519	+17.3%
Gross Profit Margin	**37.4%**	35.3%	+2.1pts
EBITDA	**74**	41	+81.3%
EBITDA Margin	**4.6%**	2.8%	+1.8pts
Operating Profit	**68**	37	+84.5%
Ordinary Profit	**68**	37	+83.7%
Net Income	**62**	30	+103.9%

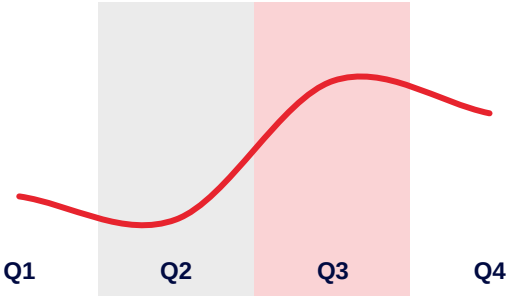
FY25/3 Q1 Actual vs Forecast

- Each performance indicator is on track
- Due to the seasonality of the business, the profit contribution is expected to be low in Q2 and high in Q3

(MM JPY)	Q1 Result	FY25/3 Full-Year	
	Actual	Forecast(1)	vs Actual
Revenue	**1,629**	7,450	21.9%
Operating Profit	**68**	325	21.2%
Ordinary Profit	**68**	320	21.4%
Net Income	**62**	270	23.1%

(For Reference) Business Seasonality

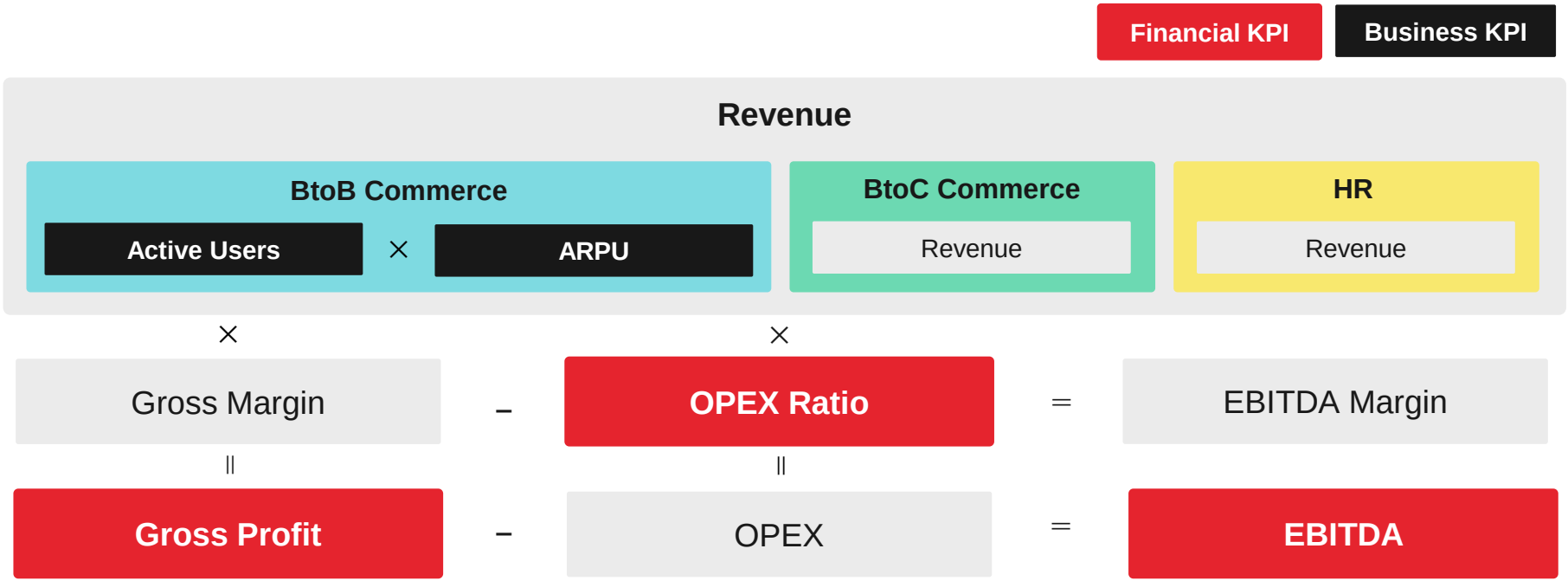
Demand in Q2 declines due to the impact of high temperatures during the summer. However, demand grows significantly in Q3 driven by holiday demands for restaurants



(1) Disclosed on May 13, 2024

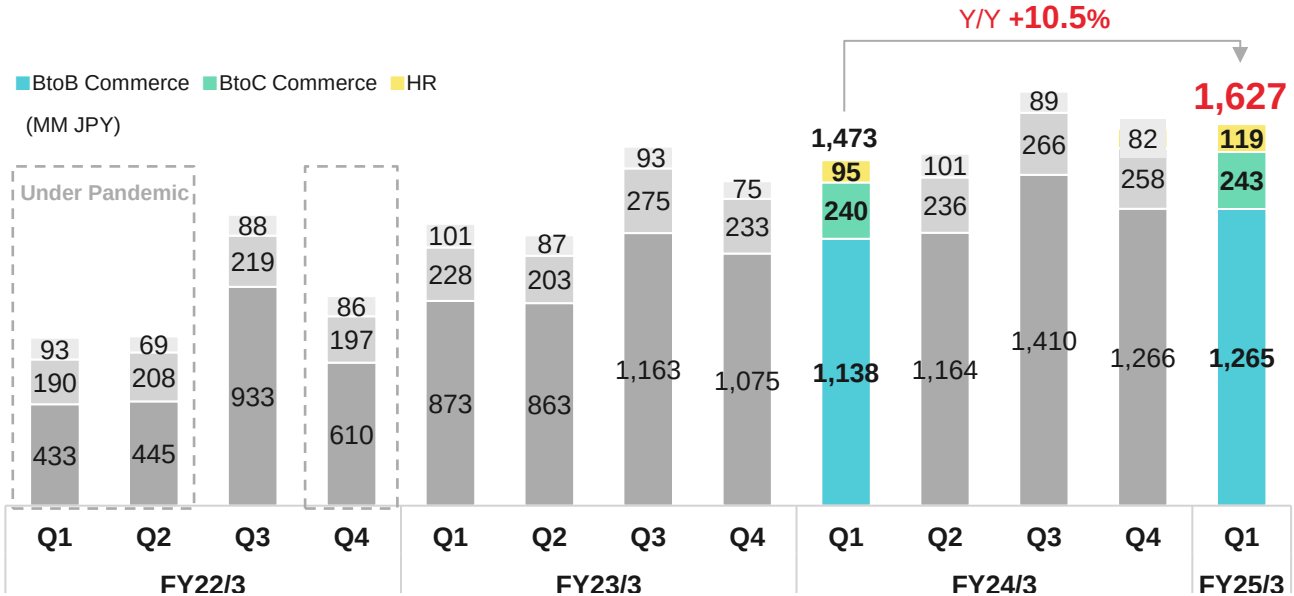
Business Model

- The assessment of value creation is based on gross profit, OPEX ratio, and EBITDA, while the business growth is assessed by Active Users and ARPU in BtoB Commerce. In the short term, the most critical KPI is the growth of gross profit



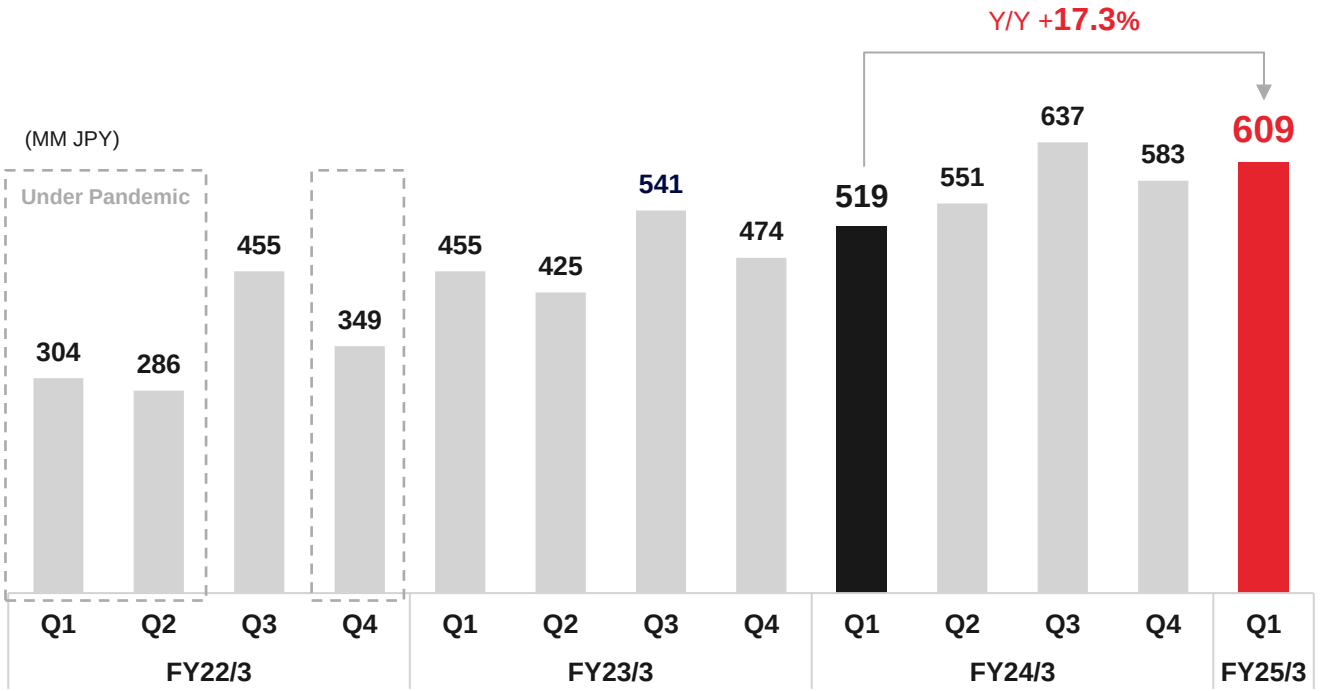
Consolidated Revenue

- Both Active Users and ARPU had consistent growth which led to growth of +11.2% (Y/Y) in BtoB Commerce revenue
- BtoC Commerce revenue increased by +1.2%(Y/Y) due to a well-performance of existing stores, while the number of stores decreased net compared to FY24/3 Q1
- HR revenue increased of +26.0% (Y/Y) due to progress in hiring and training sales personnel



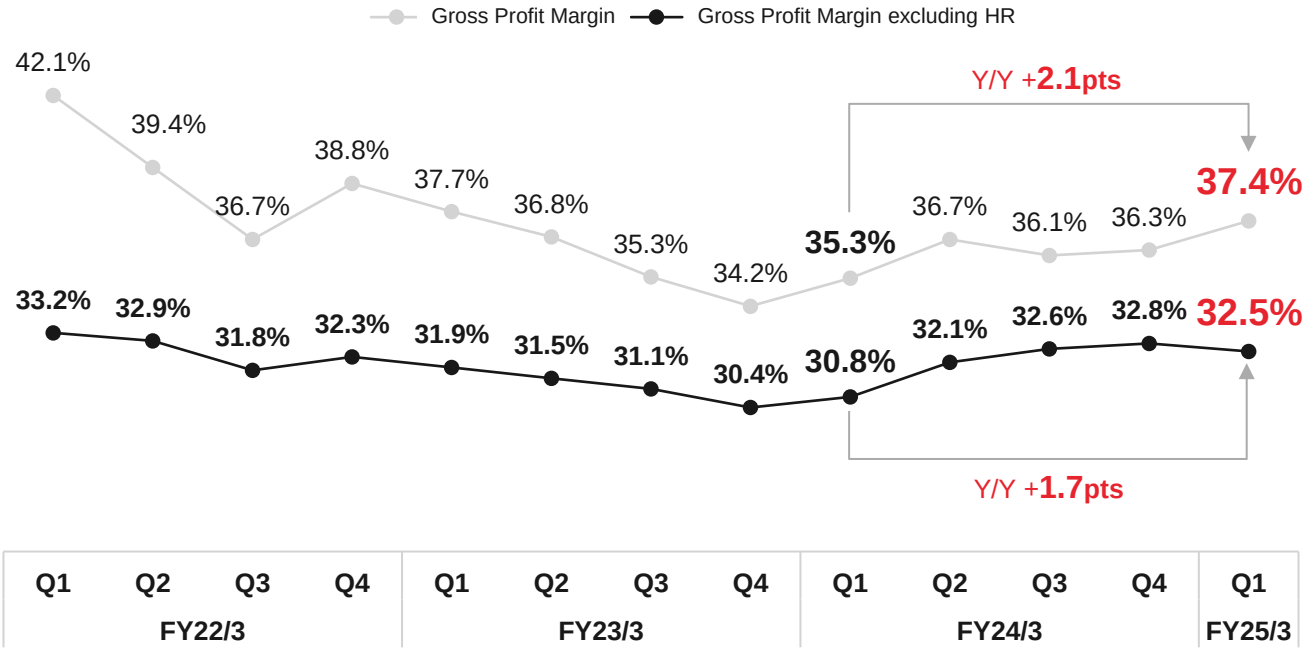
Consolidated Gross Profit

- Gross profit has been steadily progressing, with a +17.3% growth (Y/Y)



Consolidated Gross Profit Margin

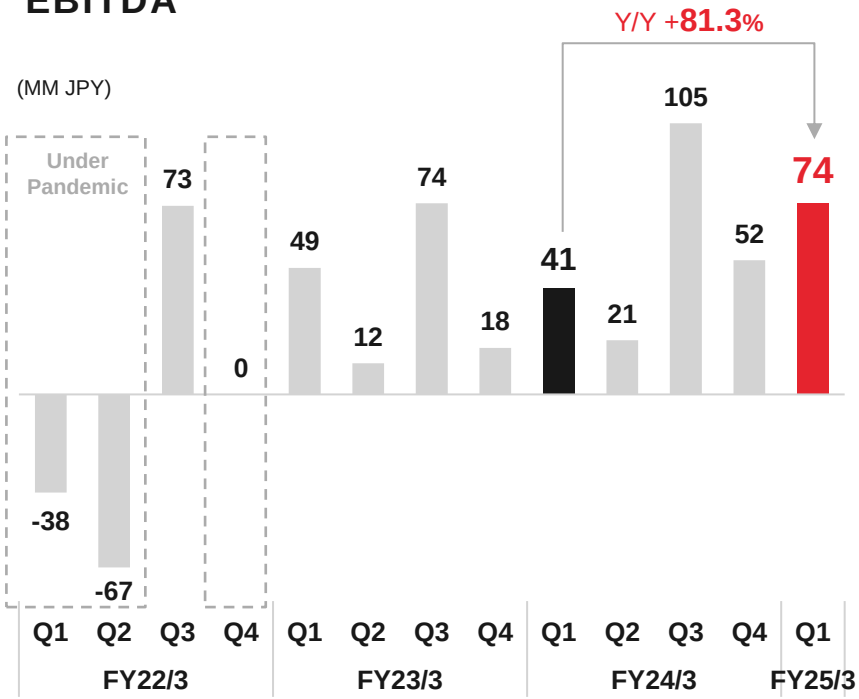
- Gross profit margin has improved year-on-year due to structural changes aimed at expanding gross profit margin
- HR had a strong result, which resulted in a notable improvement in gross profit for the entire company



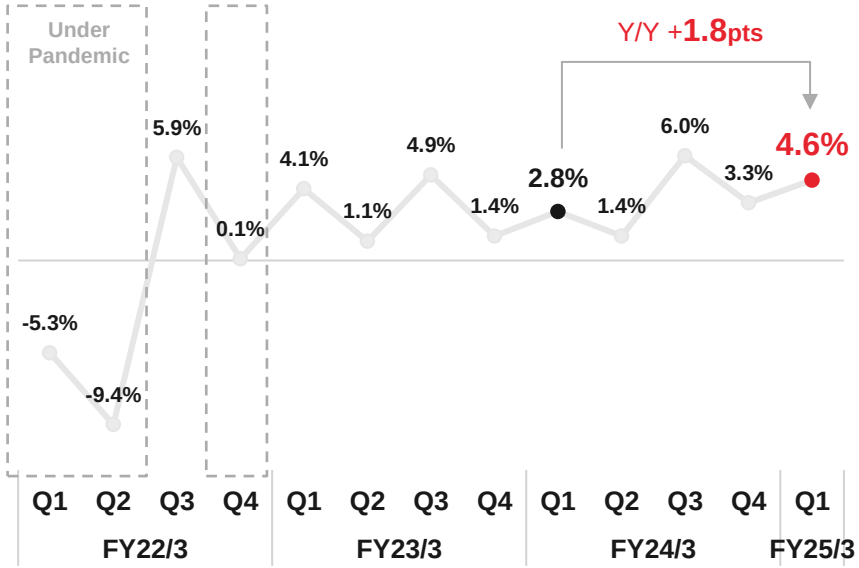
Consolidated EBITDA and EBITDA Margin

- EBITDA and EBITDA margin increased steadily year-on-year due to an improvement in gross profit margin

EBITDA



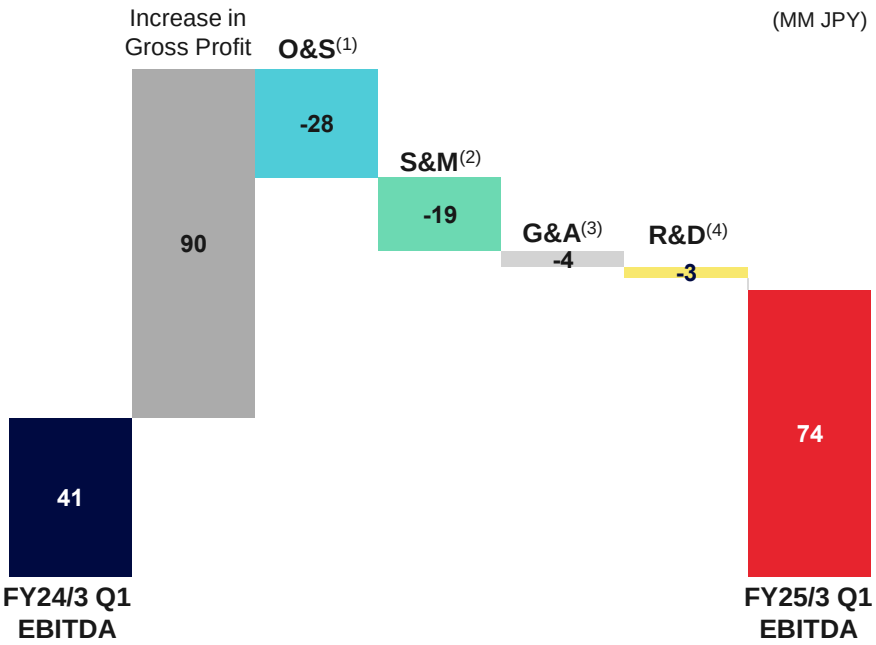
EBITDA Margin



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EBITDA Change Analysis

vs FY24/3 Q1



Increase in Gross Profit

- Increase in Active Users and ARPU of BtoB Commerce
- Increase in Revenue of HR
- Increase in Gross Profit Margin

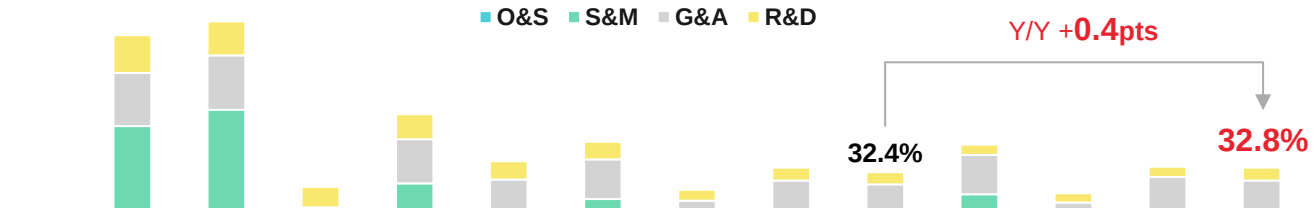
Increase in OPEX

- **O&S（Operations and Support）**
  Increase in fixed costs due to the opening of new FFCs, and increase in shipping and delivery costs and settlement fees due to increased shipment volumes
- **S&M（Sales and Marketing）**
  Increase in advertising expense and labor costs due to increased sales personnel
- **G&A（General and Administrative）**
  Increase in the number of personnel in the corporate development department due to the expansion of business
- **R&D（Research and Development）**
  Increase in one-time expenses associated with “Ama Town Seaweed Meadow Development Project”

(1) Abbreviation for “Operations and Support”. It refers to, a total of personnel costs and other expenses related to business operations other than sales promotion (logistics, call center, management, etc.)
(2) Abbreviation for “Sales and Marketing”. It refers to, a total of advertising expenses, personnel costs and other expenses related to sales promotion.
(3) Abbreviation for “ General and Administrative”. It refers to, a total of personnel costs and other expenses related to corporate development department.
(4) Abbreviation for “ Research and Development”. It refers to, a total of personnel costs and other expenses for engineers and personnel involved in new business development.

Company | OPEX Ratio

- OPEX Ratio increased by 0.4pts (Y/Y) due to the increased fixed costs associated with the new FFC and one-time expenses associated with “Ama Town Seaweed Meadow Development Project”



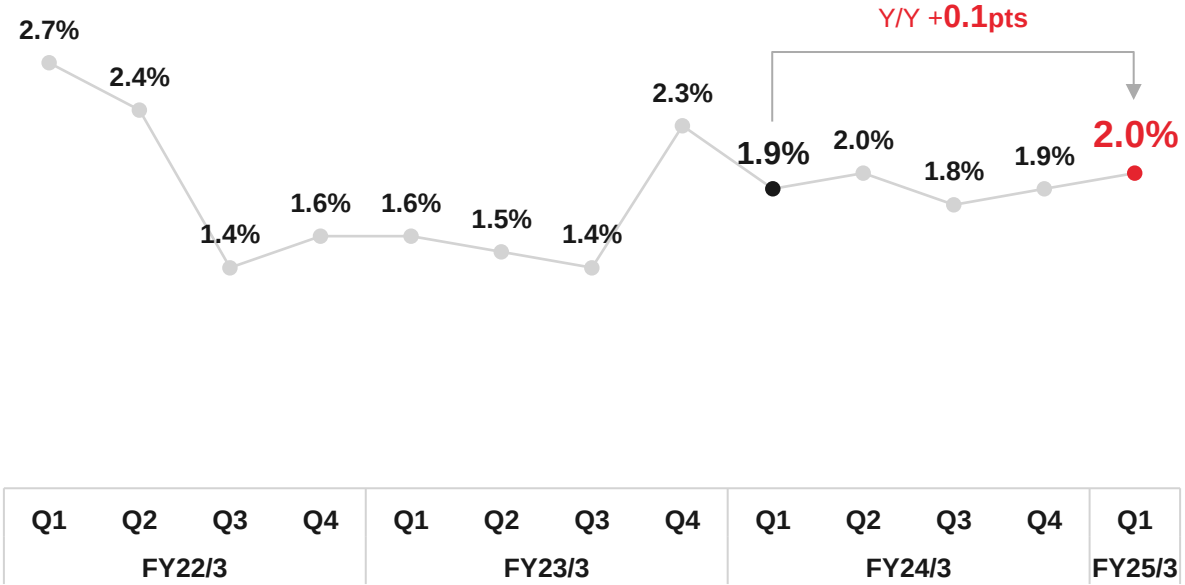
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	FY22/3				FY23/3				FY24/3				FY25/3
R&D	4.1%	3.7%	2.2%	2.7%	2.0%	1.9%	1.2%	1.4%	1.3%	1.1%	1.0%	1.1%	1.4%
G&A	5.8%	5.9%	3.3%	4.8%	3.5%	4.3%	3.9%	4.5%	4.1%	4.3%	3.6%	4.8%	4.0%
S&M	10.9%	11.3%	5.3%	7.0%	5.6%	5.6%	4.8%	5.6%	5.2%	6.2%	4.8%	5.6%	6.0%
O&S	26.5%	27.9%	20.0%	24.2%	22.5%	23.9%	20.6%	21.4%	21.8%	23.8%	20.7%	21.5%	21.5%

(1) The figures in the chart represent sales revenue ratios

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Company | Advertising-to-Sales Ratio

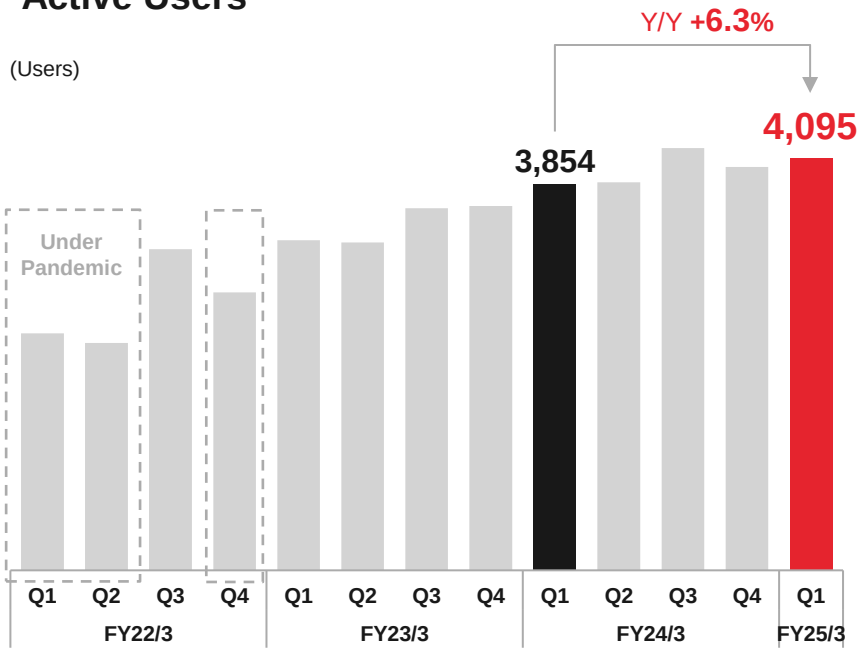
- The advertising-to-sales ratio increased by 0.1 pts (Y/Y), maintaining around 2% as originally planned



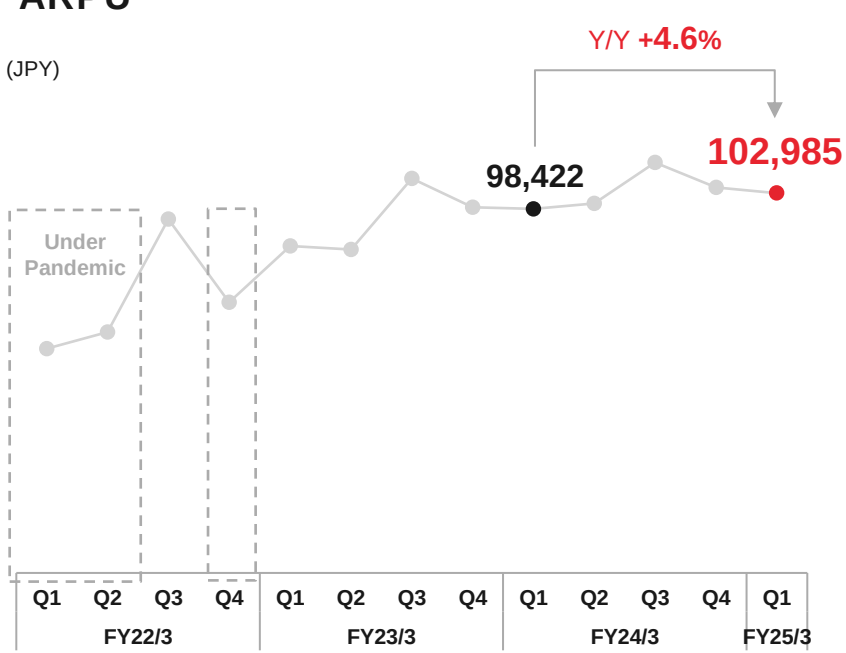
BtoB Commerce | Active Users and ARPU

- Active users and ARPU have both grown steadily

Active Users

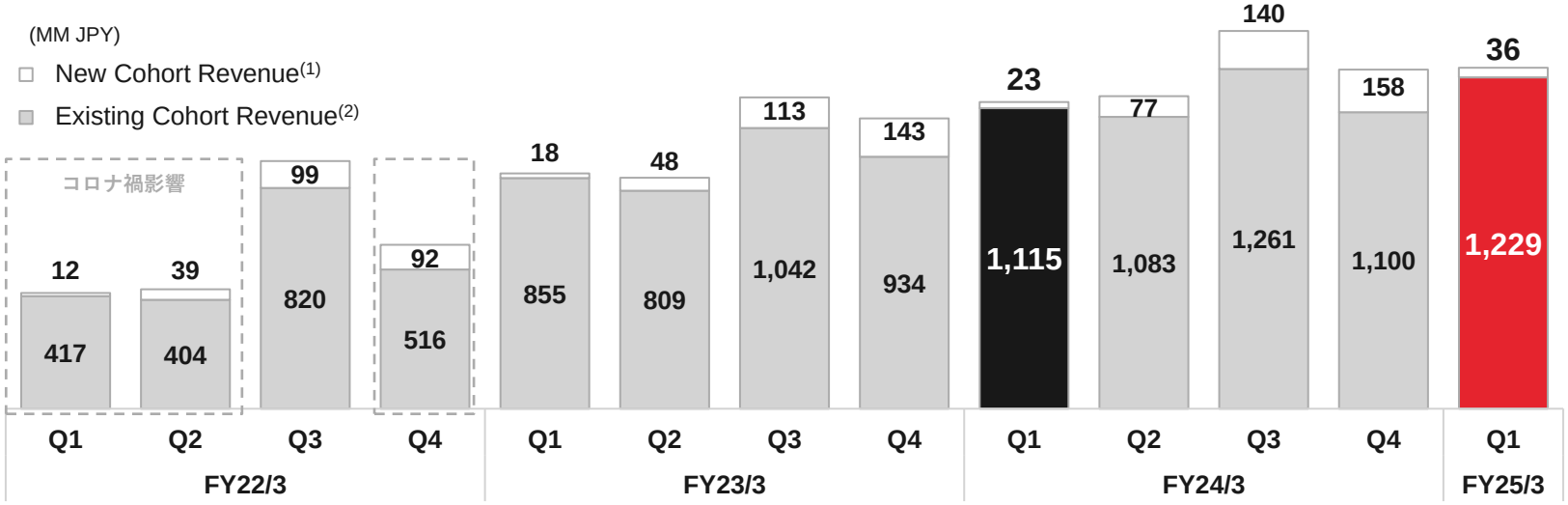


ARPU



BtoB Commerce | Revenue by Cohort

- New Cohort Revenue had growth of +58.6% (Y/Y) due to advertising investment and customer-onboarding measures
- Existing Cohort Revenue had steady growth of +10.2% due to the high retention of the existing users



New Cohort Revenue (Y/Y)	50.2%	24.1%	13.9%	55.2%	26.8%	59.4%	23.6%	10.5%	**58.6%**
Existing Cohort Revenue (Y/Y)	104.9%	100.4%	27.1%	80.9%	30.4%	33.7%	20.9%	17.8%	**10.2%**

(1) "New Cohort Revenue" are the sum of quarterly sales brought by newly registered users in the same fiscal year as the year of enrollment
(2) "Existing Cohort Revenue" are the sum of quarterly sales generated by users enrolled before the previous fiscal year

FOODISON

Shareholder Returns and Stock Incentive for Directors and Employees

- We aim to further enhance our corporate value by conducting shareholder returns and establishing stock incentive for directors and employees

Acquisition of Treasury Shares

Reason for acquisition:
To enable the execution of a flexible capital policy in response to changes in the business environment and to return profits to our shareholders

Method of acquisition:
The Tokyo Stock Exchange off-auction own share repurchase trading system (ToSTNeT-3)

Schedule for placing a purchase order:
At 8:45 a.m. on August 15, 2024

Acquisition price: 1,479 JPY

Percentage of total number of issued shares(1) : 1.59% (maximum)

Total number of shares to be acquired: 72,000 shares (maximum)

Total amount of acquisition costs: 106,488,000 JPY (maximum)

Issuance of Performance-Linked Tax-Qualified Stock Acquisition Rights (Gratuitous Stock Options)

Reason for issuance:
Aiming to boost motivation and morale of directors and employees and strengthen the unity within the Company in pursuit of expanding our business performance and enhancing corporate value

Exercise price: 1,364 JPY

Percentage of total number of issued shares(1) : 2.33% (maximum)

Exercise period: From August 2026 to August 2030

Partial Excerpt of Performance Achievement Conditions:

Adjusted EBITDA Total for FY25/3 and FY26/3	Incentive
500 Million JPY	10%
650 Million JPY	20%
850 Million JPY	40%
1,150 Million JPY or more	100%

(Reference) Actual Result of Adjusted EBITDA Total for the FY23/3 and FY24/3: 375 Million JPY

(1) Excluding treasury shares

Company Overview

FOODISON

OUR MISSION

Changing the World's Food Experience More Enjoyable

OUR VISION

Creating A Better Cycle in Fresh Food Distribution

The food industry is immense.

From production to wholesale, distribution, retail, and consumers, the population involved is the highest of all industries.
That is why there are countless challenges that can be seen locally.
The players are highly specialized, but there is no role to optimize the overall. We tend to blame someone else for this. That's why nothing changes. Foodison, takes a bird's eye view of it.

By becoming the conductor of the huge orchestra of the food industry, we will draw out the potential of professionals and create a new circulation in the fresh food distribution.

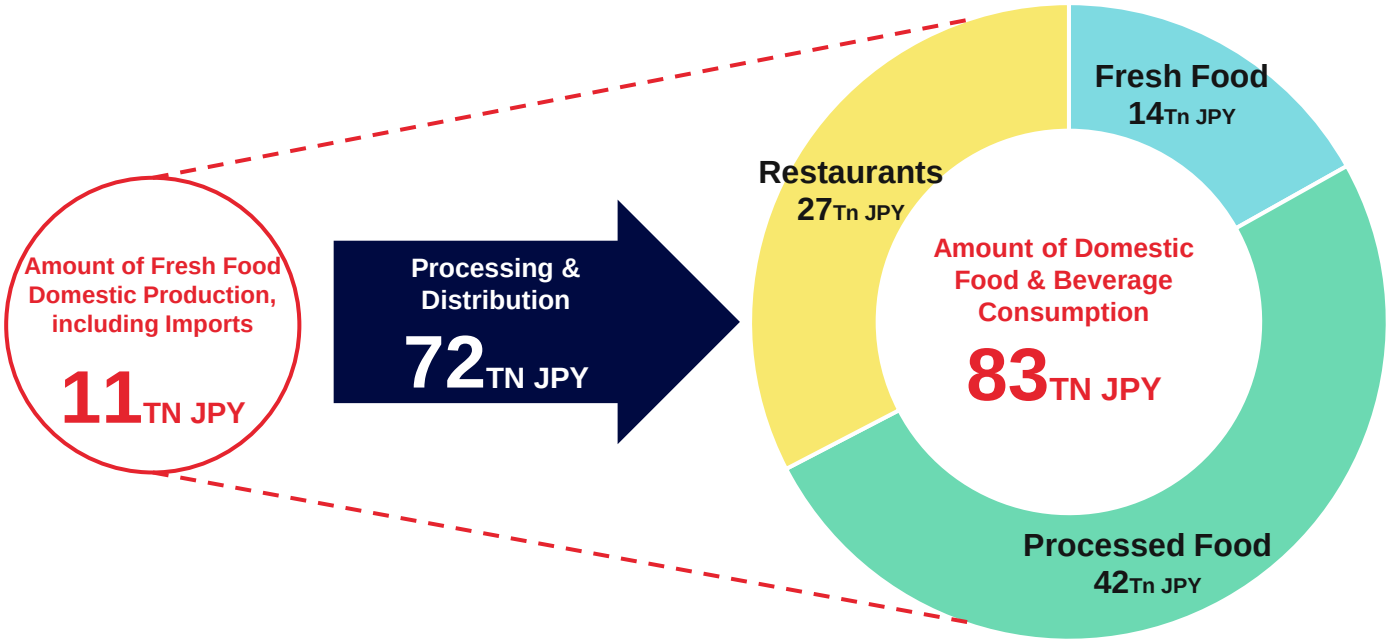
Imagine a world where you can source a variety of ingredients from all over Japan with just one fingertip.
Imagine a world filled with aspiring craftsmen passionate about working for food.
Imagine a world where the first taste of an unknown fish reaches your dining table.

The food culture that Japan is proud of has only begun.



Food Is A Vital And Massive Industry Essential To Our Daily Lives

The domestic food market structure involves an initial production value of 11 trillion JPY, including imports. As the products move through various stages of distribution, they gain added value, ultimately reaching a final consumption value of 83 trillion JPY



(1) Ministry of Agriculture, Forestry and Fisheries Reiwa February 18, 2015 Input-Output Table Focusing on Agriculture, Forestry and Fisheries and Related Industries (Including Flow of Food and Beverage Expenses)"

Our Vision

The food industry, which is at the core of our daily lives, has been experiencing a shift in balance due to change in the environment, making the introduction of new technology-driven systems an urgent necessity

Challenges Facing the Food Industry

Production

The decline of rural areas and the decrease in successors

Distribution

Decline in the working population and labor shortages due to regulations

Environment

Climate change

Consumption

Diversification of consumer needs

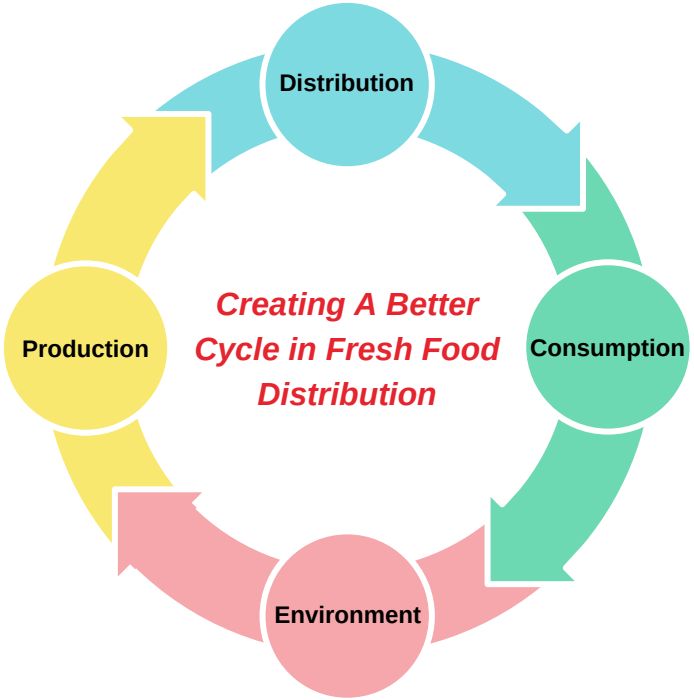
Applying Technology

What We Want to Achieve

- Sustainable Food Distribution
- Revitalization of Local Communities
- Promoting the Enjoyment and Health benefits through Seafood Consumption

Updating Fresh Food Distribution As A Platformer

Updating fresh food distribution, which has lagged in the use of information technology, to a digital-centric distribution system to realize a world where a wide variety of food products can be enjoyed





Connecting local suppliers nationwide for the best encounters between food ingredients and chefs

Uopochi

BtoB Commerce

Food EC for restaurants

“Uopochi” is a procurement service for restaurants primary focusing on fresh food. Our own logistics base in the Ota wholesale market connects information and logistics to ensure smooth procurement of fresh fish and other food ingredients.

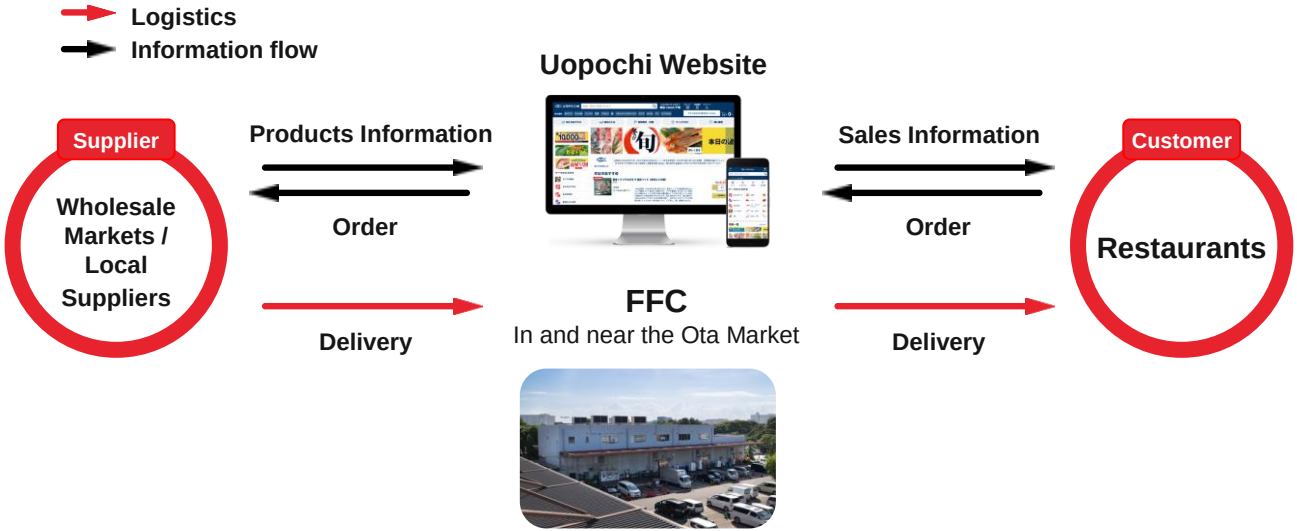
Core Users Small and Medium-sized Restaurants

Problem	Value Proposition
Limited resource	▪ Easy ordering with smartphone ▪ On-the-spot delivery from the market ▪ Accepting orders until 3AM, with delivery as early as the next day
Have to go to the market in the morning to select supplies	▪ Orders for the next day can be placed from 3:30 pm ▪ Detail information about products provided by professional buyers
Desire for high-quality ingredients and rare food items	▪ A variety of fresh fish procured direct from all over Japan

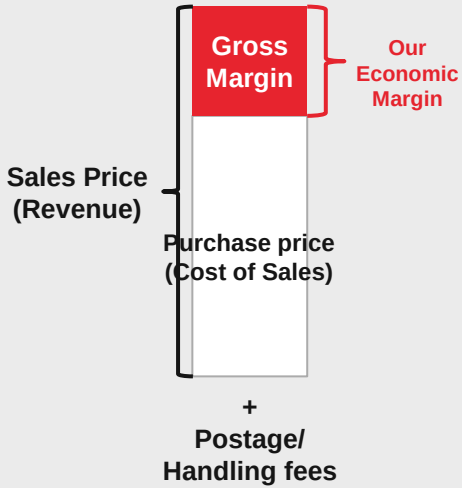
UOPOCHI | Business Model

Uopochi's business model is a wholesale model that sources ingredients from producers and wholesale markets nationwide, then distributes and delivers them to restaurants

Business Flow



Revenue Structure



UOPOCHI｜Features Of Uopochi That Realizes Fresh Fish E-Commerce

Built a unique system to efficiently sell daily-changing fresh fish through e-commerce



Challenges of selling fresh fish through e-commerce

- The daily product lineup depends on the catch
- Short expiration date
- Large variations in fish size
- Large variation in the level of quality required by users
- Prices change day by day

What Uopochi has achived

Detailed information such as landing date, buyer comments, etc.

Speedy information posting from the landing

Ensuring operability and searchability through engineering

UOPOCHI｜Usage Flow

You can place an order on the same day just by registering as a member with your smartphone.

Step.1
Easy membership registration



Simply enter store information into the web registration form and submit (takes about 1 minute). It will be available for use the same day

Step.2
Search for products and place an order



We list thousands of products daily, including daily fresh fish, frozen goods, and processed items. You can browse these products, check store inventory, add desired items to your cart, and place orders—all conveniently completed through your smartphone!

Step.3
Receiving Products



We deliver to the storefront as quickly as the next business day (with options for leaving packages in case of absence)

UOPOCHI | Use Cases

Contributing to the improvement of working conditions and the increase of profits for restaurants

	Improvement of Working Conditions	Reduction of Food Waste	Increase in Sales
	Budget: 6,000 JPY **No. of Seats:** 34 Seats **Category:** Japanese Cuisine	**Budget:** 12,000 JPY **No. of Seats:** 15 Seats **Category:** French Restaurant	**Budget:** 1,500 JPY **No. of Seats:** 12 Seats **Category:** Ramen
Usage	After the end of business, order the grand menu and recommended menu ingredients	Create a menu while looking at seasonal information and price information for ingredients for course meals	Order rare fish species that are difficult to obtain, bony parts and kelp for soup stock
Before	A restaurant closes late at night, and it is difficult to go to a market early in the morning to purchase ingredients	Other procurement sources do not accommodate small batches, making inventory adjustment difficult.	A ramen shop wants to differentiate itself from other restaurants with quality ingredients
After	The restaurant owner can rest and sleep instead of going to the market early in the morning	Order in small lots while checking inventory status to control the food waste rate	An original ramen has been well received, leading to increased customer satisfaction.

Comparison Of Food Wholesale Services

- The biggest differentiator of Uopochi lies in its wide selection of fresh fish and transparency of information
- Seafood intermediate wholesalers at markets provide detailed support when relationships are strong, but new entrants and small to medium-sized restaurants find it difficult to use.

	Uopochi	Conventional Food Wholesalers	Seafood Intermediate Wholesalers in Wholesale Market	Seafood Retailers
Information Transparency	◎ Daily updated detail information are available	○ Catalog sales	△ Mostly verbal	△ No obligation to indicate the date of landing
Customer Support	○ In-house operators	○ In-house operators	△ It depends on the relationship	○ Store staff
Fresh fish assortment and quality	◎ Fresh fish from all over the country	△ It is rare to find a company that has a strength in fresh fish	◎ Fresh fish from all over the country	△ Limited to storefront space
Assortment other than fresh fish	△ Under reinforcement	○ Constant assortment	× Only seafood	× Only seafood
Price	○ Wholesale price	○ Wholesale price	△ Asking price	× Retail price





Adding a touch of excitement and adventure to dishes at home

sakana bacca

BtoB Commerce

The seafood store always has something new to discover

“sakana bacca” is a modern style seafood store with a focus on high-quality fish from nationwide, high design, and product planning. Currently expanding to 9 stores in Tokyo.

Core Users **Local Consumer**

Problem	Value Proposition
Unsatisfied with the freshness and product lineup of fish at supermarkets	▪ Direct from the market ▪ Variety of fresh seafood that can only be found in a specialty store
The difficulty of cooking fish, even if you want to eat it	▪ Easy-to-understand explanations by professionals
There are limited opportunities for learning and experiencing about food and ingredients	▪ Events focused on enhancing the food experience ▪ Promotion of private brands in collaboration with producers and suppliers





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Aspiring to make the job of the food industry a desirable career, making specialized skills available to everyone

Food Talent Bank

HR **A recruitment agency for the food industry**

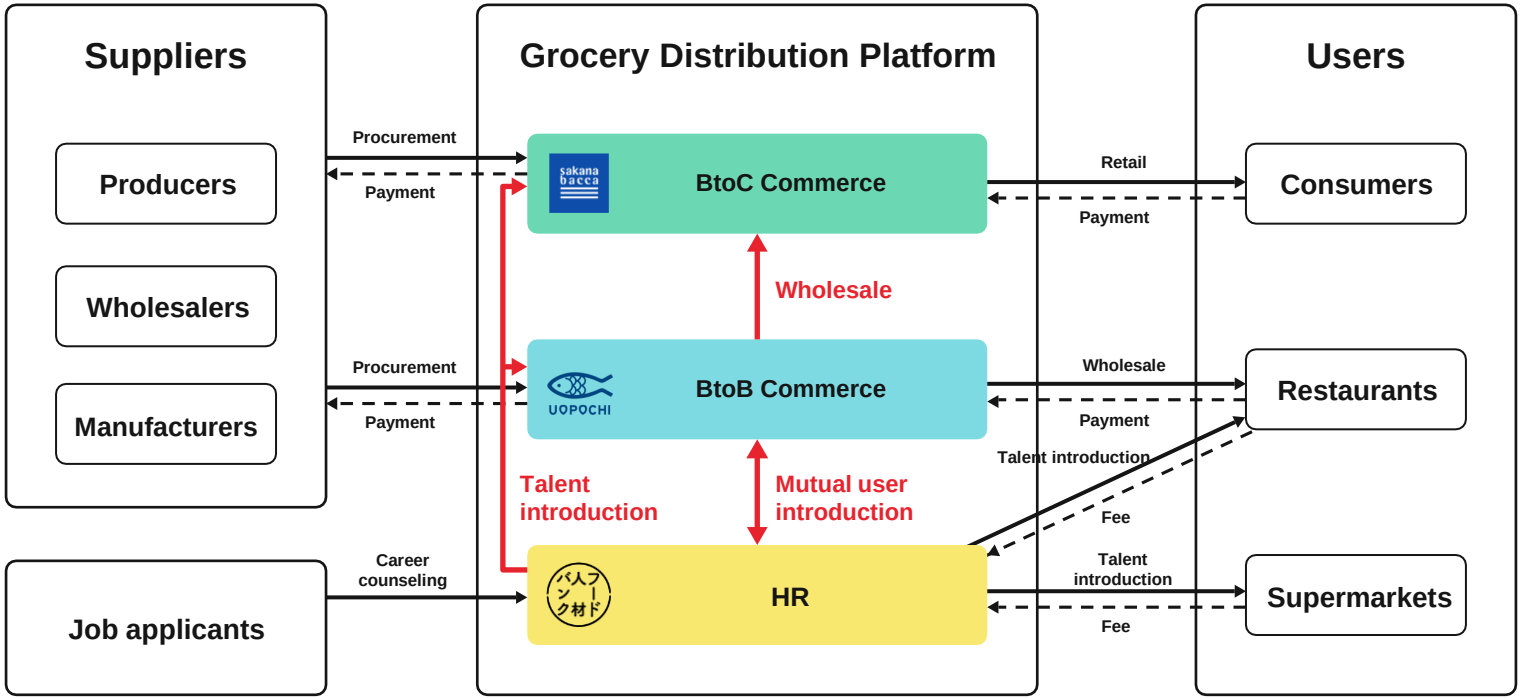
Strong understanding of the industry and are able to make the best match for talented individuals

Core Users **Restaurants, supermarkets, food factories, etc.**

Problem	Value Proposition
The database of major staffing companies is mainly focused on office workers	A database specialized in the food industry
When talking to recruitment agents, they don't understand the level of skill required	Agents with a high level of understanding of the industry
Recruitment channels only target part-time workers	Introduction of regular employment in the food industry

Business Diagram

With a focus on BtoB Commerce, we aim to cover a wide range of the food industry, allowing each service to organically create synergies



Our Key Strengths

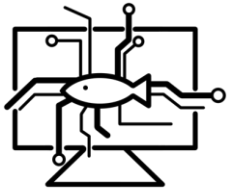
Our uniqueness lies in being insiders in an industry with high entry barriers while integrating technology to build an attractive business model

Insider in a Regulated Market



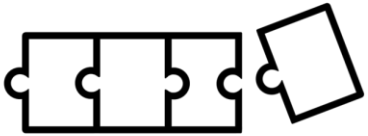
- Licenses to enter wholesale market
- Procurement network

Technology Application



- Software development suitable for complex fresh fish distribution
- Productivity improvement by integrating operations and technology

Attractive business model



- Vertically integrated platform
- High user engagement

COMPANY HIGHLIGHT

Insider in a Regulated Market

Licensing And Distribution Bases In the Wholesale Market

We have obtained various permits and licenses to operate at the Tokyo Central Wholesale Market, and has secured space for large-scale shipping operations at the Ota Market

Obtained licenses to enter wholesale market

- Wholesale business license within the market
- Auction participation license
- Seafood manufacturing permitted facilities in the market

Securing large-scale FFC directly connect to the market



Procurement Network For Both Popular And Low-Use Seafood

We have a network inside and outside the market that allows restaurants to procure a wide range of products, from standard products necessary for daily operations to competitive products necessary for differentiation

Procurement Routes

Characteristics:
- Stable procurement of large quantities of standard products
- Participation in auctions
- Procurement with no inventory risk
- Procurement of substitutes in the event of a shortage

Central Wholesale Market
Toyosu/Ota

Characteristics:
- Procurement of a wide variety of high-value-added products
- Procurement with inventory risks

Local Suppliers Nationwide
More than 70 regions

FFC
In and near the Ota Market



Procurement | Collection | Distribution

Delivery route

UOPOCHI

sakana bacca

Tokyo Wards
Private Contracts

Kanto Area
Local Courier

Nationwide
Nationwide Coureier

COMPANY HIGHLIGHT

Technology Application

Software Development Suitable For Complex Fresh Fish Distribution

Overcame barriers to entry for applying digital transformation in fresh distribution by developing proprietary software

Proprietary Software Development

Accumulated Database

Farm-side Merchandise Data Input App



Merchandise and Logistics Management App



Shipping Management App



Sales Interface



FOODISON

Fresh E-commerce Requires Special Software Requirements

Fresh E-commerce requires unique features that are not necessary for general E-Commerce because of the short expiration dates and paid by weight practice

	General EC	Fresh EC
Frequency of Item Information	Low When necessary	High Daily
Order Frequency	Low Every few days to months	High Every 1-2 days
Storage Types	Few Room temperature	Many Chilled/Frozen/Room
Duration	Long	Short
Price	Listed Price	Paid by weight

Software Requirements

1. Daily data updates
2. Connectivity in sales data and operations
3. UX that improves users' operational efficiency

Productivity Improvement By Integrating Operations And Technology

We Build highly productive logistics by developing and implementing systems and equipment tailored to product characteristics

In-house picking system



Automatic weighing device

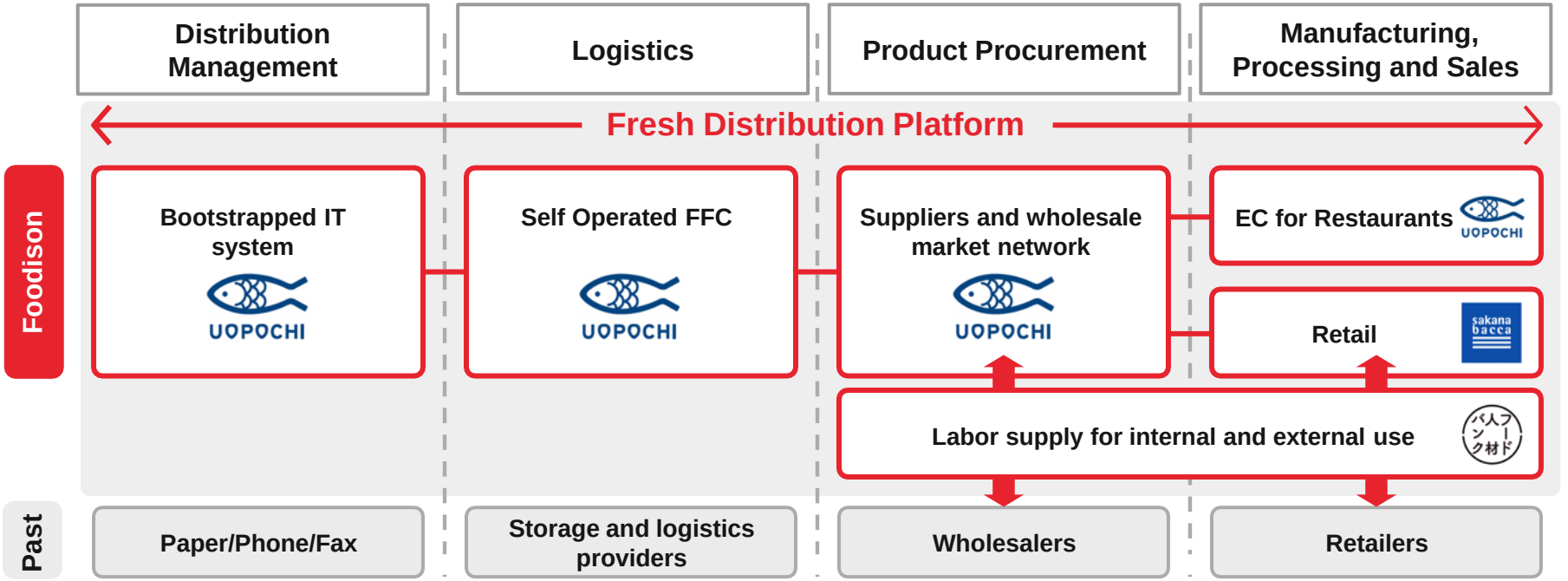


COMPANY HIGHLIGHT

Attractive Business Model

Establishing A Fresh Food Distribution Platform On Uopochi

By vertically integrating current fresh food distribution functions, which have been divided into different branches of industry, it is possible to supply products with low loss and high added value, and further synergistic effects can be achieved by combining multiple services



Characteristics And Attractions Of BtoB EC Business Model

BtoB EC is highly efficient due to higher transaction values, and engagement is high because it is used for business purposes. Therefore, ensuring service quality is crucial

Features of BtoC and BtoB EC		BtoC EC	BtoB EC
Typical examples		Mall Type	Self Operated
Product Category		**Wide** Home appliances, clothes, etc.	**Narrow** Food, tools, etc.
ARPU	Purchase Frequency	**Low** When necessary	**High** Always required
	Unit Price	**Low** Personal use	**High** Business use
Marketing Cost	New user acquisition	**High** High competition	**Low** Low competition
	Existing users	**High** Need to stimulate	**Minimal** Business demand

BtoB EC Attractiveness of the Business Model

LOW
User Acquisition Costs

↓

HIGH
ARPU

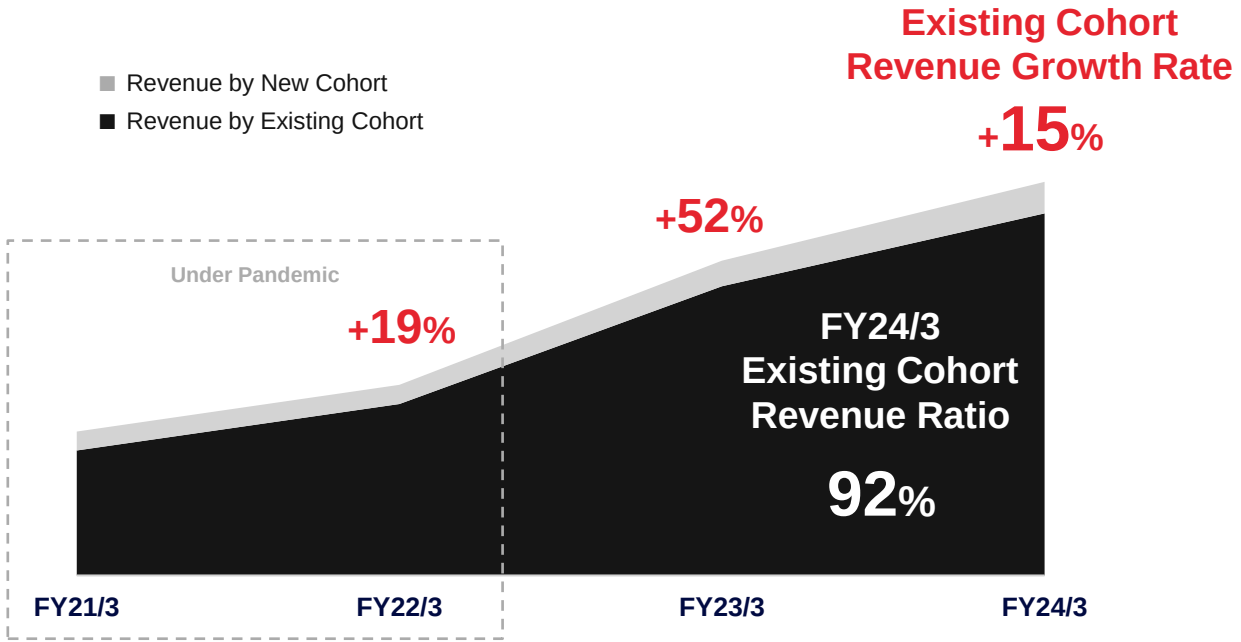
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HIGH
Engagement

User Engagement Is High, And Existing Cohort Is Driving Growth

Revenue has been expanding year by year due to the perceived convenience and gained trust from customers

BtoB Commerce | Revenue by Cohort



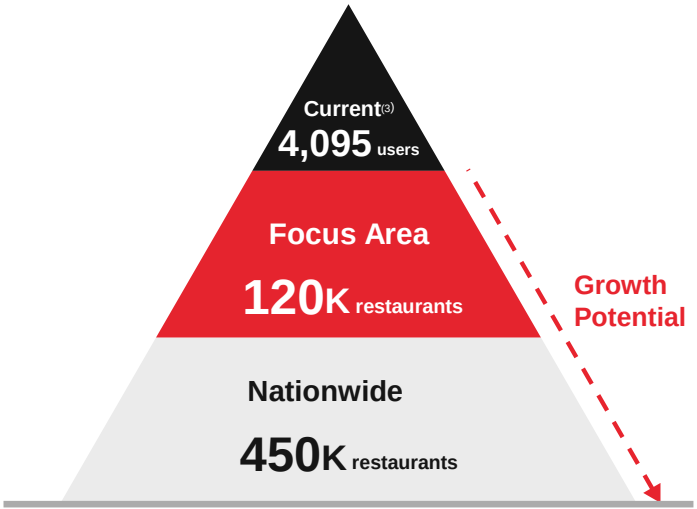
COMPANY HIGHLIGHT

Growth Potential

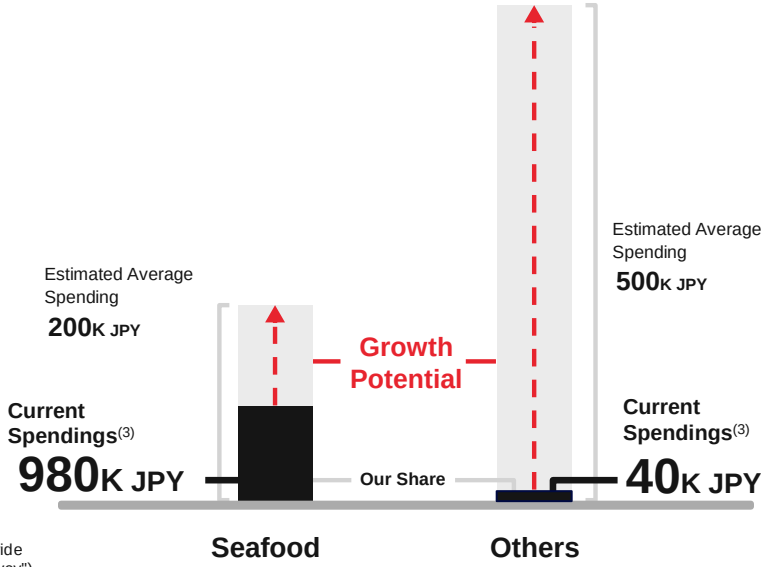
Growth Potentials Of KPIs In BtoB Commerce

There is ample room to expand the tail end of BtoB Commerce users and ARPU

Growth Potential of Users(1)



Growth Potential of ARPU(2)

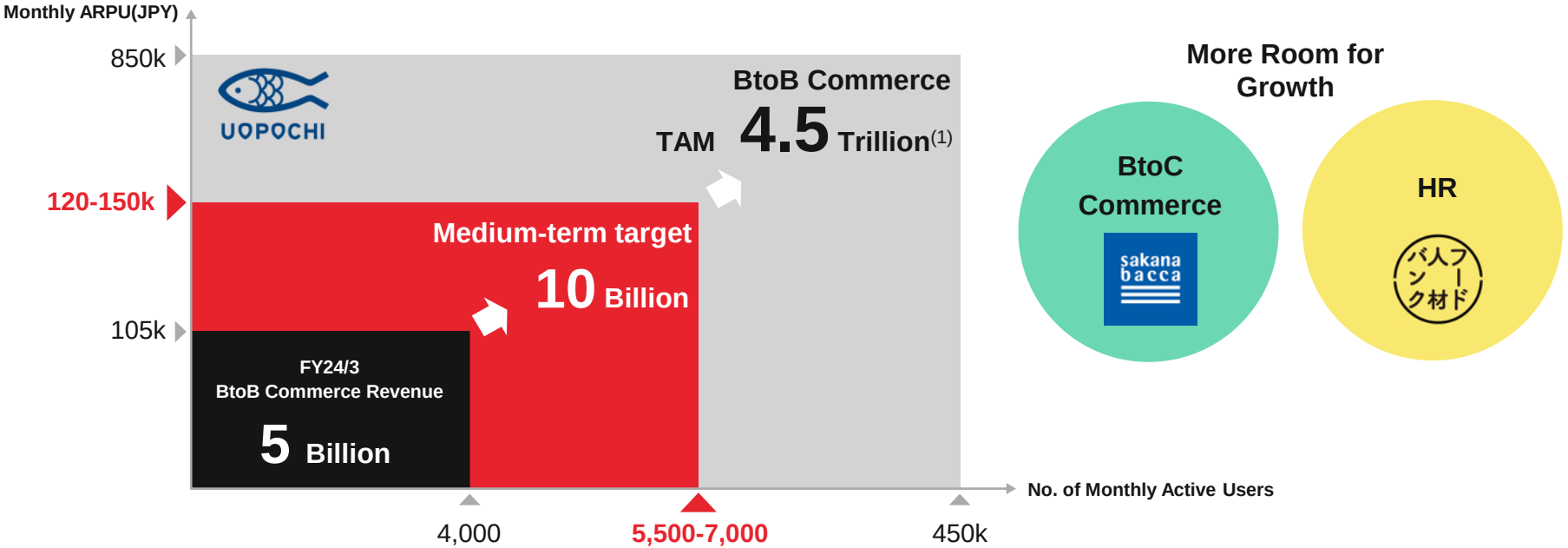


(1) Calculated by estimating the proportion of small and medium-sized restaurants to be 75% from the number of restaurants nationwide (Ministry of Internal Affairs and Communications / Ministry of Economy, Trade and Industry "2016 Economic Census - Activity Survey")
(2) Calculated based on the assumption that of monthly sales of 3.5 million yen and a cost ratio of 33%, of which food accounts for 60% and seafoods account for 30%.
(3) As of FY25/3 Q1

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Market Opportunities Expand As We Gain Market Share

There are approximately 450,000 restaurants nationwide, indicating ample room for expansion in BtoB Commerce alone. By further expanding into BtoC Commerce and establishing support functions such as HR services, there is significant potential to increase revenue and build upon the existing foundation

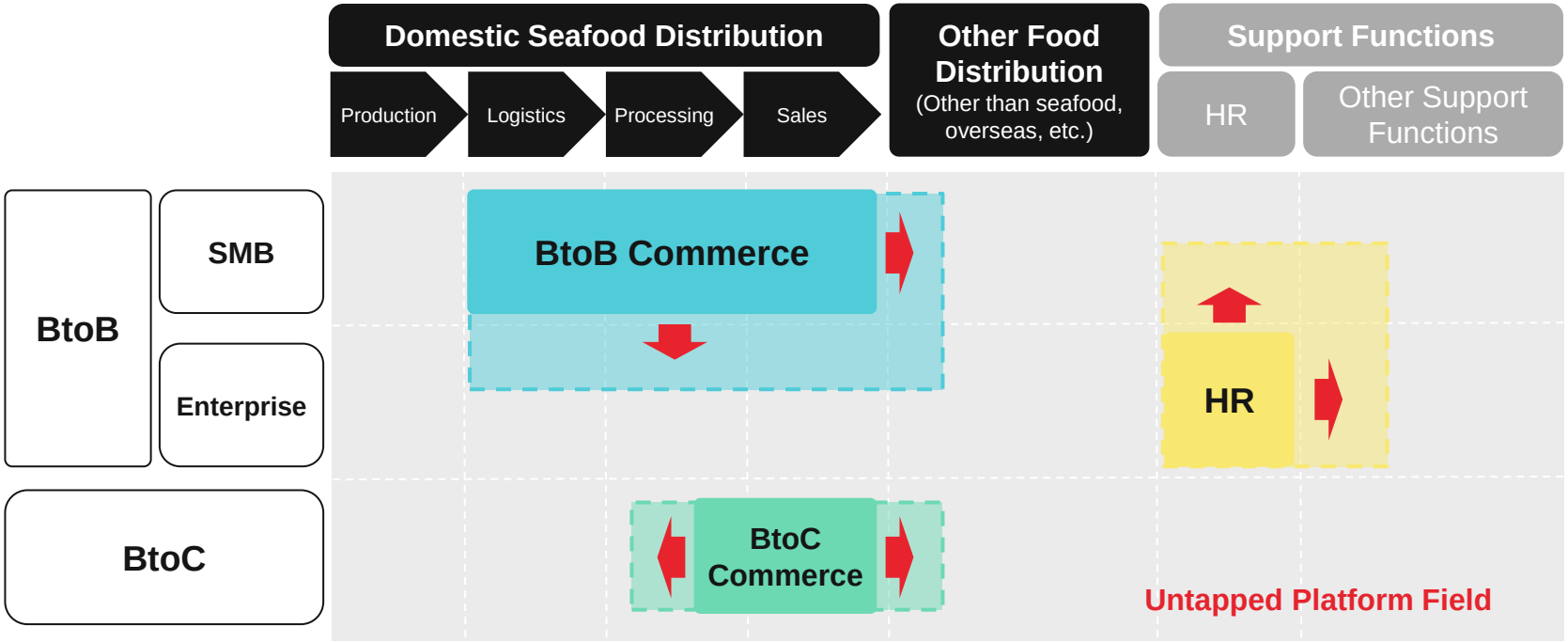


(1) TAM (Total Addressable Market) is the largest market size that our BtoB Commerce can capture, and is calculated by estimating from the number of restaurants nationwide and the sales amount of restaurants (Ministry of Internal Affairs and Communications / Ministry of Economy, Trade and Industry "2016 Economic Census - Activity Survey").
The calculation formula is as follows : Number of restaurants nationwide 450,000 × Total sales (income) per establishment : Approximately 31.73 million yen × Cost ratio of general restaurants 33% (estimated by the Company)

Growth Strategy

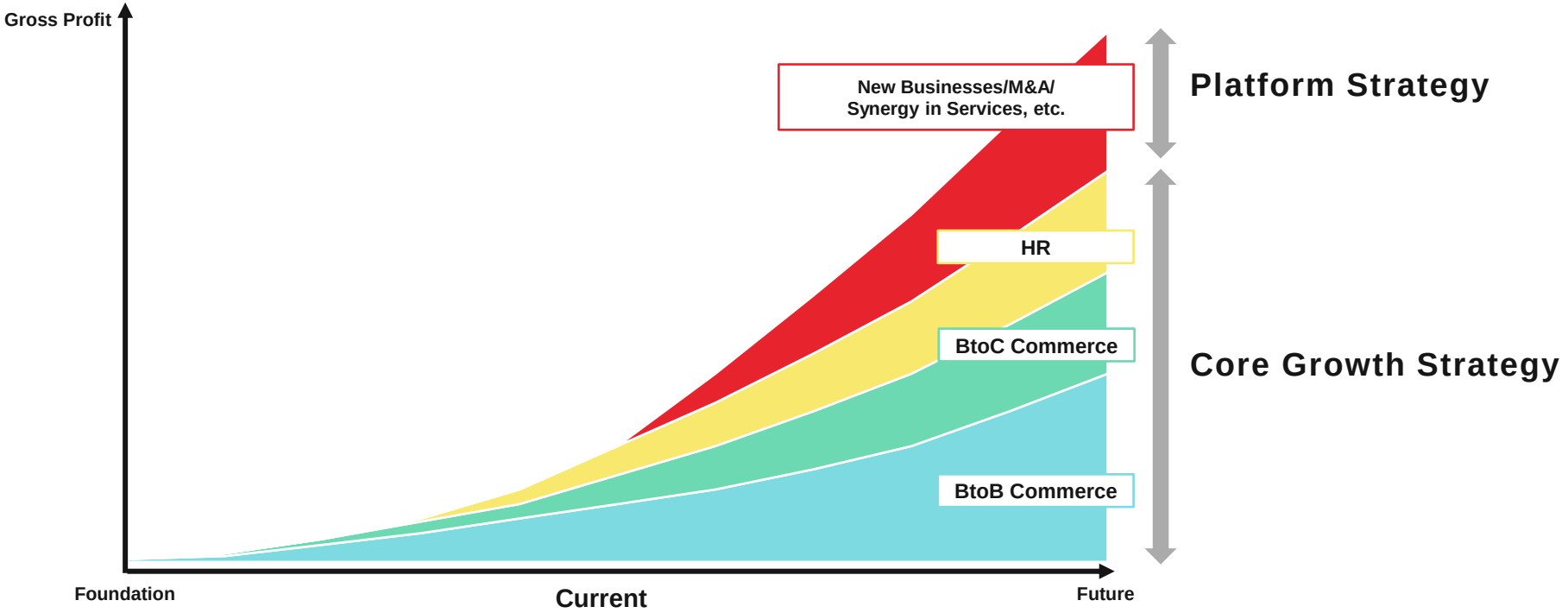
General Concept Of Our Platform Growth

We intend to expand the scope of our platform in the long term by building distribution and support functions



Medium To Long-term Growth Image

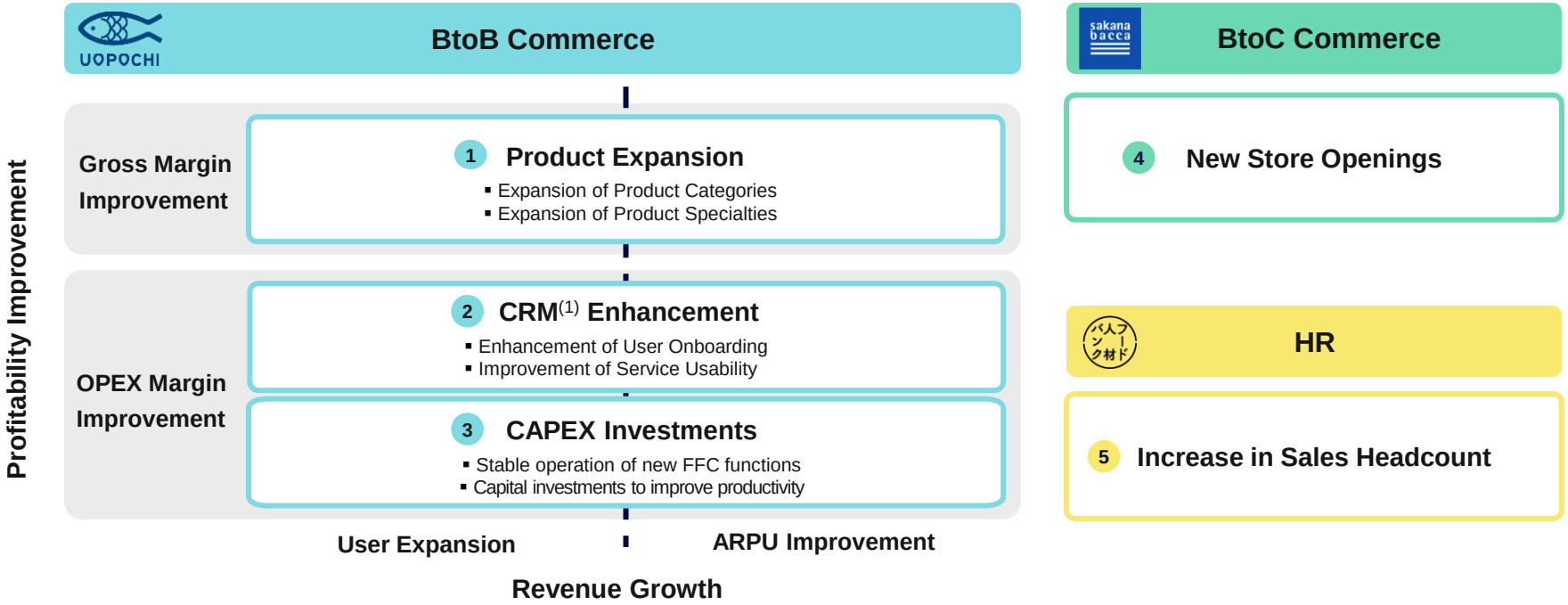
We will ensure the growth of existing services through Core Growth Strategy, and accelerate growth through Platform Strategy that aims to build a long-term platform



(1) Regarding the "Gross Profit CAGR Target" and "FY2026/3 Gross Profit Target" described in the previous fiscal year's materials, the description has been deleted from this document because it is difficult to calculate precise gross profit at this time due to the possibility that the store opening plan for BtoC commerce services may be affected by the external environment such as the development status of commercial facilities and the availability of properties

Core Growth Strategy

Our growth strategies are centered in improving usability



(1) CRM (Customer Relationship Management) is a series of initiatives aimed at building, maintaining, and improving good relationships with users

Platform Strategy

We plan to expand distribution and support functions to provide services according to customer size, area, and product category

A Attractive Product Development

Supply

- Producers
- Brokerages/ Wholesalers
- Trading Companies
- Manufacturers

B Creating Synergies Among Services

Distribution Functions

- EC
- Logistics
- Transactions
- Trading
- Payments
- Processing and manufacturing

Support Functions

- Talent Supply
- Community Support
- Marketing Support
- Secondary Distribution

Demand

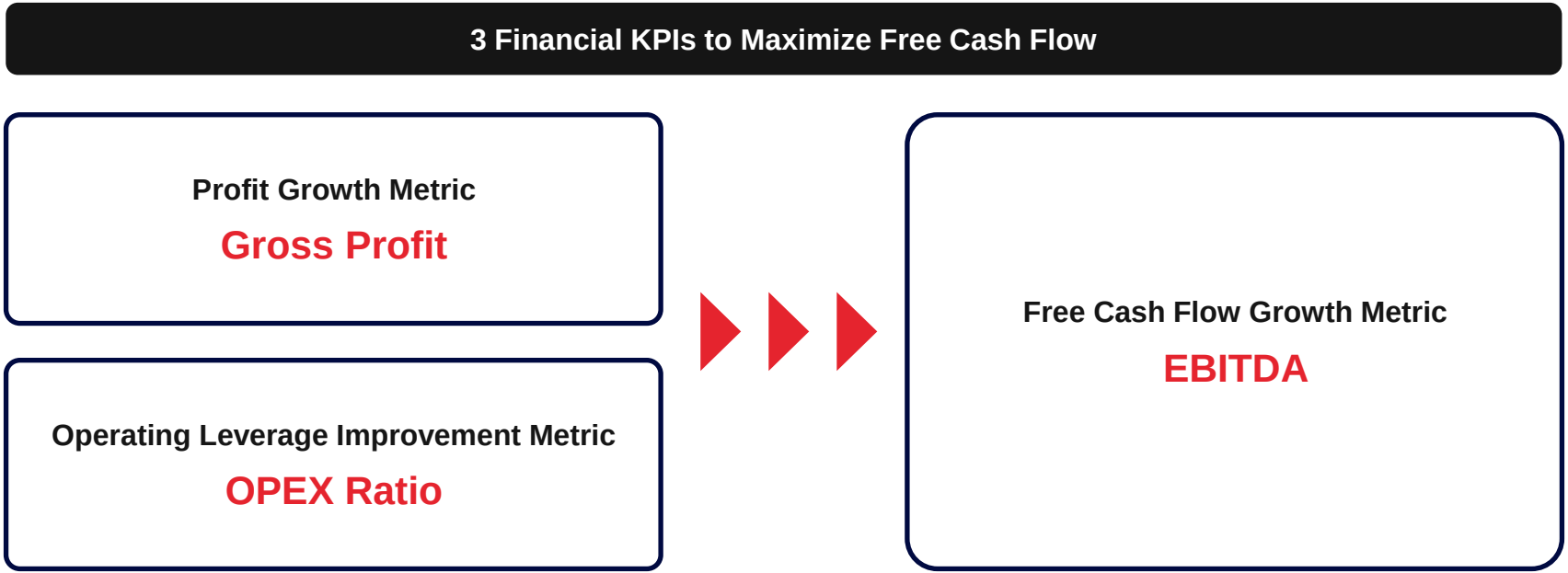
C Expansion of Services for Businesses

- Supermarkets
- Restaurants
- Overseas

- Consumer

Our Approach To Medium To Long-term Corporate Value Creation

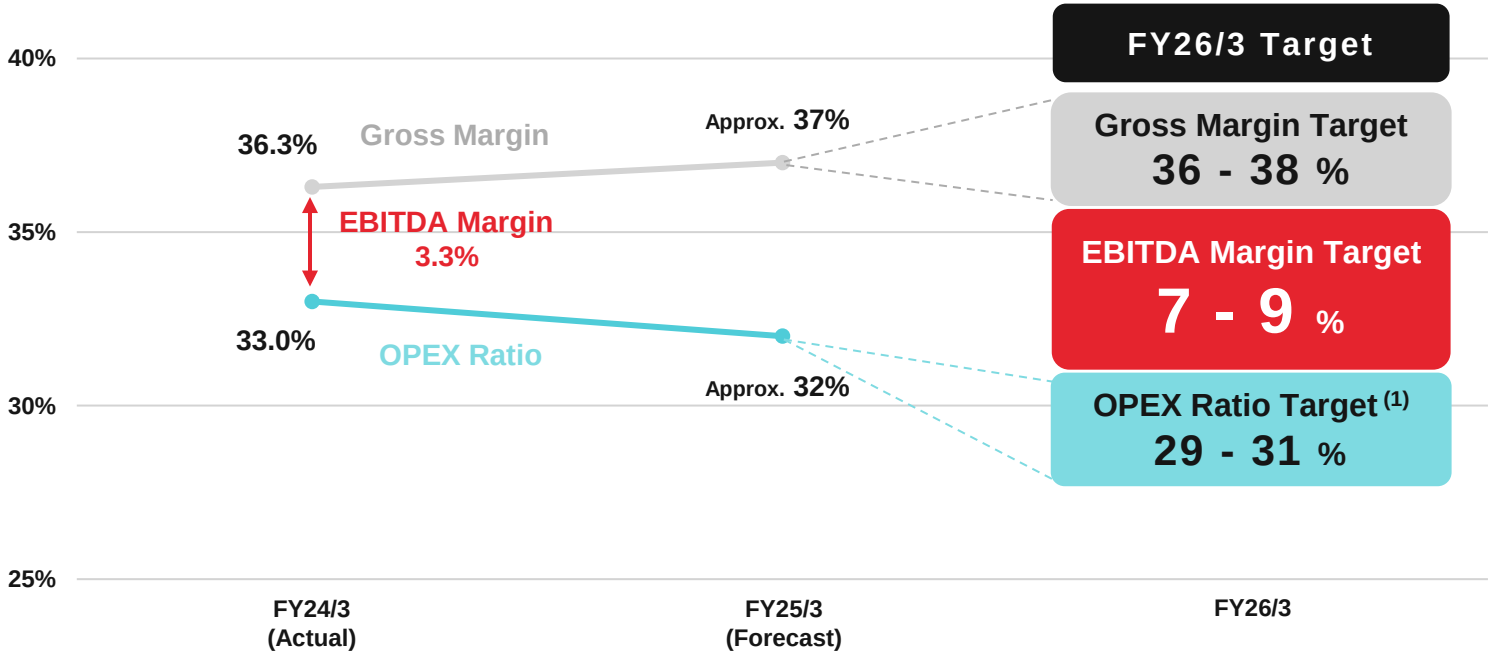
We aim to improve corporate value by maximizing long-term free cash flow (EBITDA expansion) through the expansion of gross profit and the improvement of OPEX (1) ratio



(1) OPEX = Operating Expenditure : The expense remaining after deducting depreciation from operating expenses. The OPEX ratio is the ratio of OPEX to revenue.

Medium-term Revenue Structure Range

EBITDA margin is expected to improve with an increase in the capacity utilization rate of the new FFC for which capital expenditures were made in FY24/3



(For Reference)(1)
FY2026/3
Operating Profit Margin
5 - 8 %

(1) Since EBITDA is our Financial KPI, EBITDA margin is an associated indicator and Operating Profit margin is shown for reference purpose only

APPENDIX

Glossary (1/2)

EBITDA	Abbreviation for “Earnings Before Interest, Taxes, Depreciation and Amortization”, which is calculated by adding depreciation and amortization on operating profit
OPEX	Abbreviation for “Operating Expenditure”, which is calculated by subtracting depreciation and amortization expenses from SG&A. “OPEX Ratio” refers to a ratio of OPEX versus revenue
Active Users	Refers to the number of users who placed at least one order each month. Figures are quarterly averages of monthly Active Users
ARPU	Abbreviation for “Average Revenue Per User”
New Cohort Revenue	Refers to the sum of quarterly sales brought by newly registered users in the same fiscal year as the year of enrollment
Existing Cohort Revenue	Refers to the sum of quarterly sales generated by users enrolled before the previous fiscal year
FFC	Abbreviation for “Fulfillment Center”. It refers to a logistics base that is responsible for inventory storage, management, packaging, shipping, etc. The new fulfillment center refers to the logistics base opened in August 2023
SKU	Abbreviation for “Stock Keeping Unit”. It refers to the number of items in inventory management
Y/Y	Abbreviation for “Year-over-Year”

Glossary (2/2)

O&S	Abbreviation for “Operation and Support”. It refers to, a total of personnel costs and other expenses related to business operations other than sales promotion (logistics, call center, management, etc.)
S&M	Abbreviation for “Sales and Marketing”. It refers to, a total of advertising expenses, personnel costs and other expenses related to sales promotion
G&A	Abbreviation for “ General and Administrative”. It refers to, a total of personnel costs and other expenses related to corporate development department
R&D	Abbreviation for “ Research and Development”. It refers to, a total of personnel costs and other expenses for engineers and personnel involved in new business development

Quarterly Performance Trends (1/2)

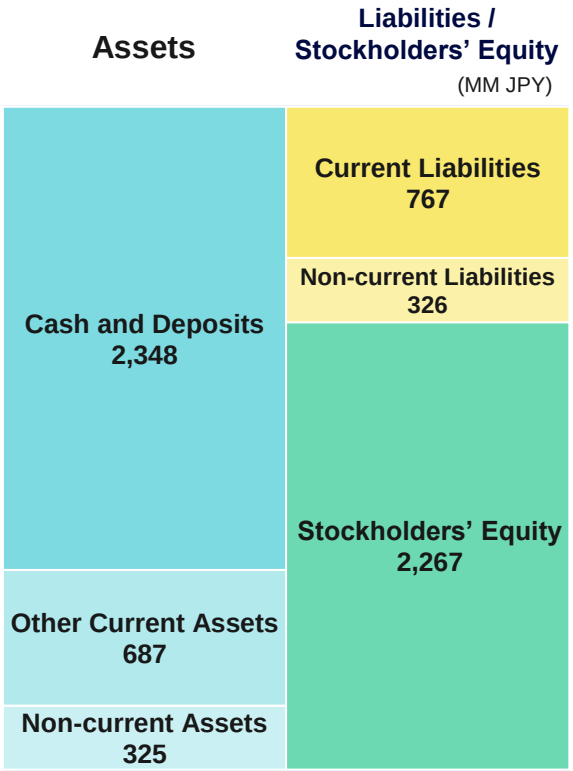
(MM JPY)	FY22/3 Q1	FY22/3 Q2	FY22/3 Q3	FY22/3 Q4	FY23/3 Q1	FY23/3 Q2	FY23/3 Q3	FY23/3 Q4	FY24/3 Q1	FY24/3 Q2	FY24/3 Q3	FY24/3 Q4	FY25/3 Q1
Revenue	**723**	**725**	**1,241**	**902**	**1,205**	**1,155**	**1,533**	**1,385**	**1,474**	**1,502**	**1,766**	**1,607**	**1,629**
BtoB Commerce	433	445	933	610	873	863	1,163	1,075	1,138	1,164	1,410	1,266	1,265
BtoC Commerce	190	208	219	197	228	203	275	233	240	236	266	258	243
HR	93	69	88	86	101	87	93	75	95	101	89	82	119
Gross Profit	**304**	**286**	**455**	**349**	**455**	**425**	**541**	**474**	**519**	**551**	**637**	**583**	**609**
EBITDA	**-38**	**-67**	**73**	**0**	**49**	**12**	**74**	**18**	**41**	**21**	**105**	**52**	**74**
Operating Profit	**-40**	**-70**	**70**	**-2**	**44**	**7**	**69**	**14**	**37**	**15**	**98**	**45**	**68**
Ordinary Profit	**-26**	**-56**	**77**	**-1**	**48**	**10**	**62**	**18**	**37**	**14**	**99**	**45**	**68**
Net Income	**-29**	**-57**	**77**	**-2**	**47**	**-13**	**39**	**26**	**30**	**27**	**80**	**53**	**62**

Quarterly Performance Trends (2/2)

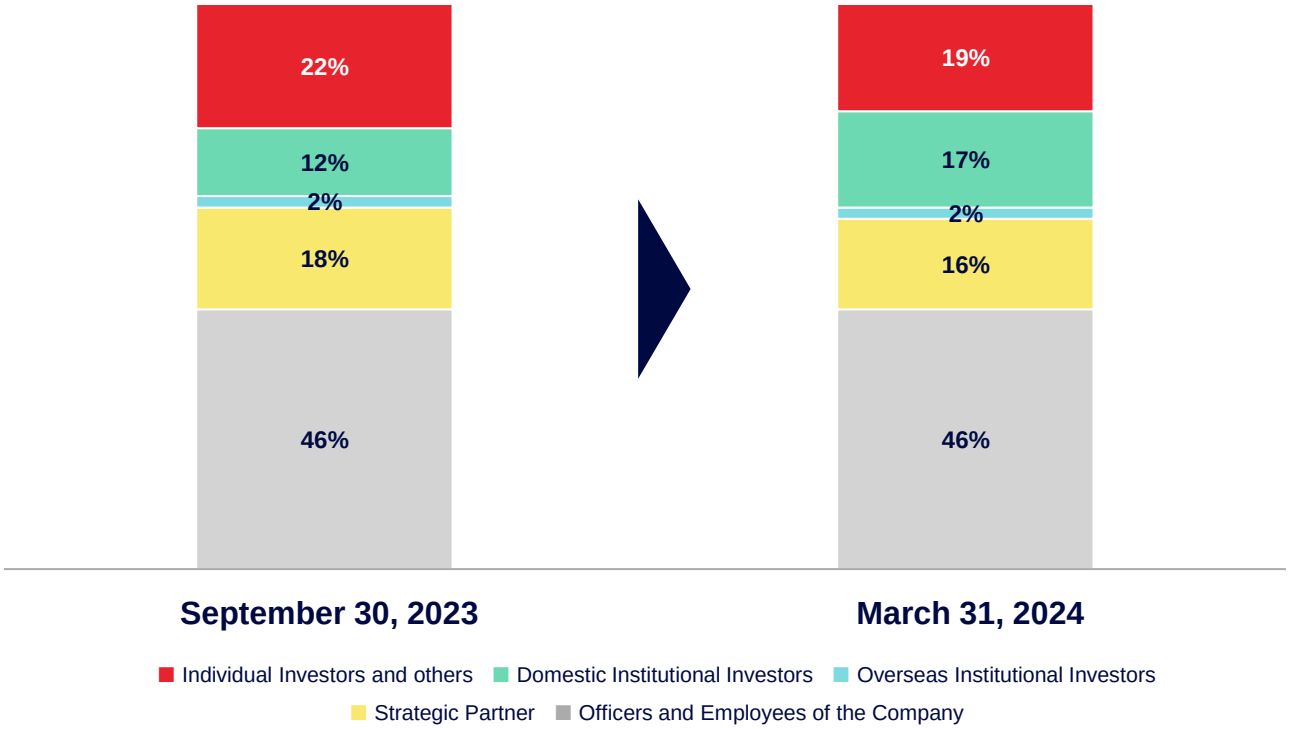
	FY22/3				FY23/3				FY24/3				FY25/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Gross Profit Margin	**42.1%**	**39.4%**	**36.7%**	**38.8%**	**37.7%**	**36.8%**	**35.3%**	**34.2%**	**35.3%**	**36.7%**	**36.1%**	**36.3%**	**37.4%**
Excluding HR	33.2%	32.9%	31.8%	32.3%	31.9%	31.5%	31.1%	30.4%	30.8%	32.1%	32.6%	32.8%	32.5%
OPEX Ratio	**47.3%**	**48.8%**	**30.7%**	**38.7%**	**33.6%**	**35.7%**	**30.4%**	**32.9%**	**32.3%**	**35.3%**	**30.1%**	**33.0%**	**32.5%**
Advertising-to-Sales Ratio	**2.7%**	**2.4%**	**1.4%**	**1.6%**	**1.6%**	**1.5%**	**1.4%**	**2.3%**	**1.9%**	**2.0%**	**1.8%**	**1.9%**	**2.0%**
BtoB Commerce KPI													
Active Users	**2,356**	**2,261**	**3,193**	**2,762**	**3,283**	**3,258**	**3,601**	**3,621**	**3,854**	**3,851**	**4,204**	**4,012**	**4,095**
ARPU (K JPY)	**60**	**65**	**95**	**73**	**88**	**87**	**106**	**99**	**98**	**100**	**110**	**104**	**102**
New Cohort Revenue (MM JPY)	**12**	**38**	**99**	**92**	**18**	**48**	**113**	**142**	**22**	**77**	**140**	**157**	**36**
Existing Cohort Revenue (MM JPY)	**417**	**403**	**819**	**516**	**855**	**809**	**1,041**	**934**	**1,115**	**1,082**	**1,259**	**1,100**	**1,299**

Balance Sheet

(MM JPY)	FY25/3 Q1 (Jun 30, 2024)	FY24/3 Q1 (Jun 30, 2023)	(Y/Y)	FY24/3 Q4 (Mar 31, 2024)	(Q/Q)
Current Assets	**3,035**	**2,801**	8.4%	**3,089**	-1.7%
Cash and Deposits	2,348	2,191	7.2%	2,341	0.3%
Non-Current Assets	**325**	**159**	104.4%	**318**	2.2%
Total Assets	**3,361**	**2,961**	13.5%	**3,407**	-1.4%
Current Liabilities	**767**	**482**	59.1%	**877**	-12.5%
Short-term Debt	0	0	-	0	-
Current portion of Long-term Debt	282	38	642.1%	284	-0.7%
Non-Current Liabilities	**326**	**499**	-34.7%	**333**	-2.1%
Total Liabilities	**1,094**	**982**	11.4%	**1,210**	-9.6%
Total Stockholders' Equity	**2,267**	**1,978**	14.6%	**2,196**	3.3%
Total Liabilities and Stockholders' Equity	**3,361**	**2,961**	13.5%	**3,407**	-1.4%
Capital Adequacy Ratio	**67.4%**	**66.8%**	+0.6pts	**64.5%**	+3.0pts



Shareholder composition



COMPANY OVERVIEW

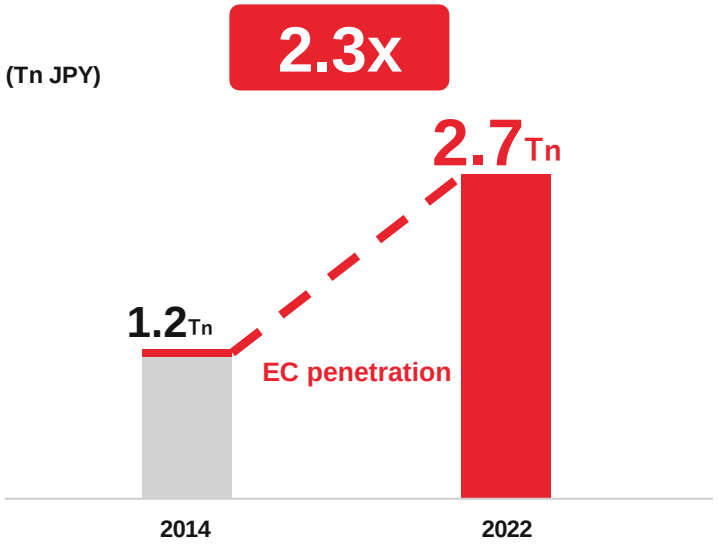
Business Environment

Food EC Market In Japan Is Entering A Growth Phase

The E-Commerce (EC) ratio in the food industry was 4.2% in 2022, which is lower compared to other categories, indicating a high growth potential for the EC market

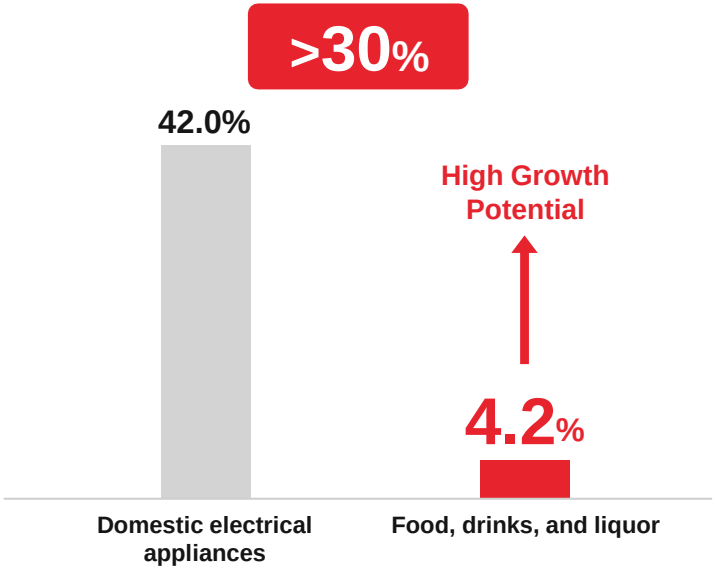
Expansion of Food EC

Food EC Market Size



High Growth Potential

Difference in EC Ratios

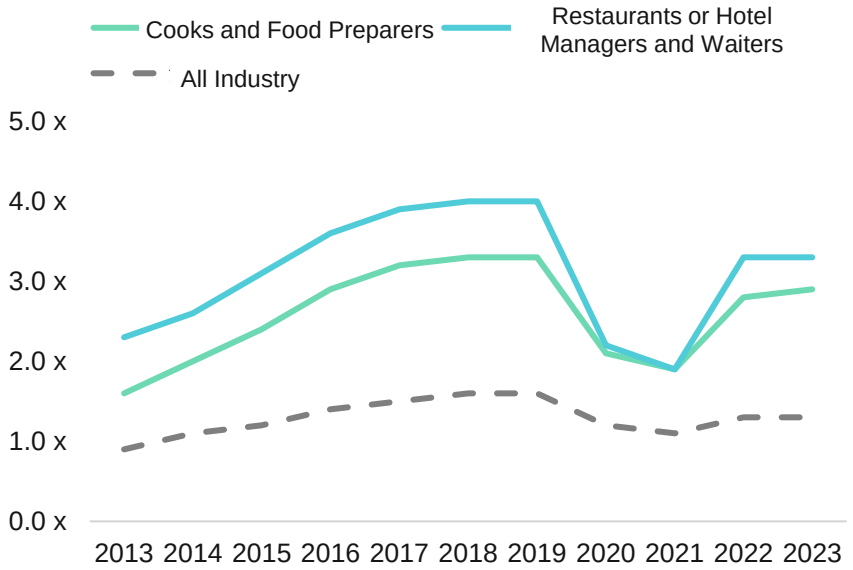


(1) E-commerce market size and e-commerce ratio refer to the "FY2022 E-Commerce Market Survey" and the "FY 2014 Infrastructure Development for Informatization and Servitization of Japan's Economy and Society (E-Commerce Market Survey)" by the Ministry of Economy, Trade and Industry. Graphs are prepared by the Company.

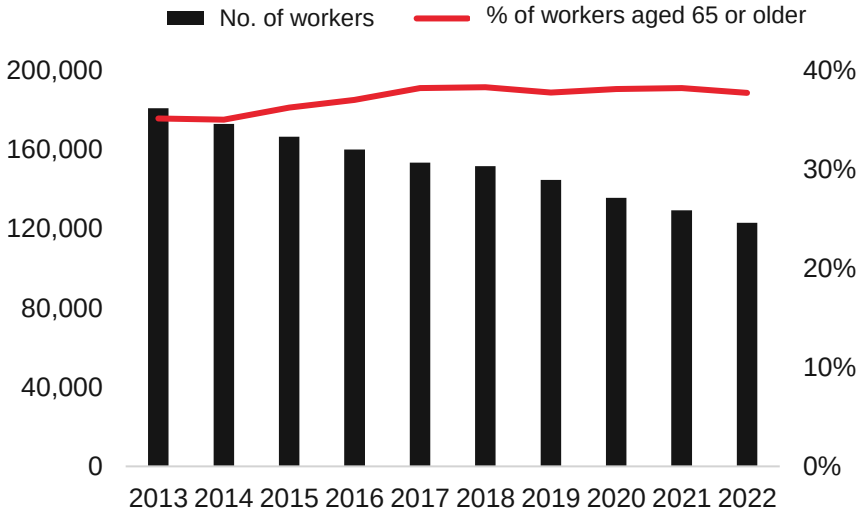
Labor Shortage In The Food Industry Is Significant

- The jobs-to-applicants ratio in the food-related sector remains at a high level
- The number of fishery workers is decreasing year by year, and the proportion of elderly people is high

Jobs-to-Applicants Ratio(1)



Number of Fishery Workers(2)

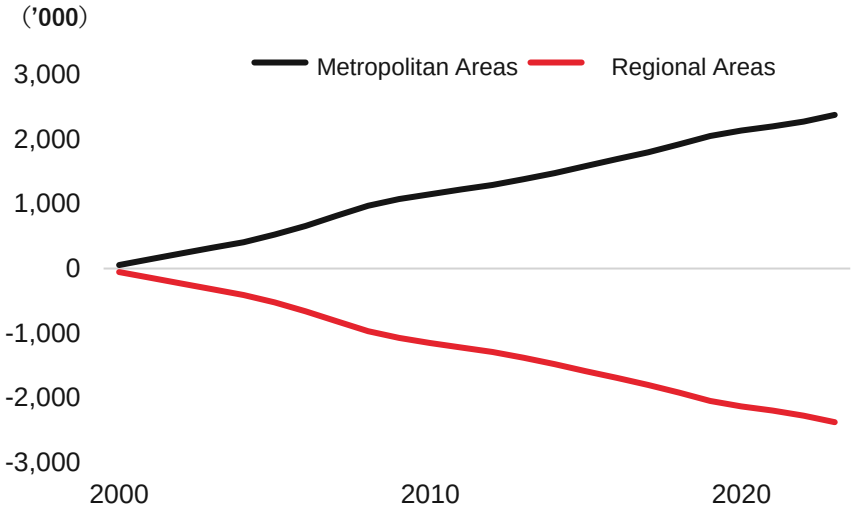


(1) Ministry of Health, Labor and Welfare "General Employment Placement Status (Employment Security Business Statistics)"
(2) Ministry of Agriculture, Forestry and Fisheries "Reiwa 4 Year Fishery Structural Dynamics Survey Results"

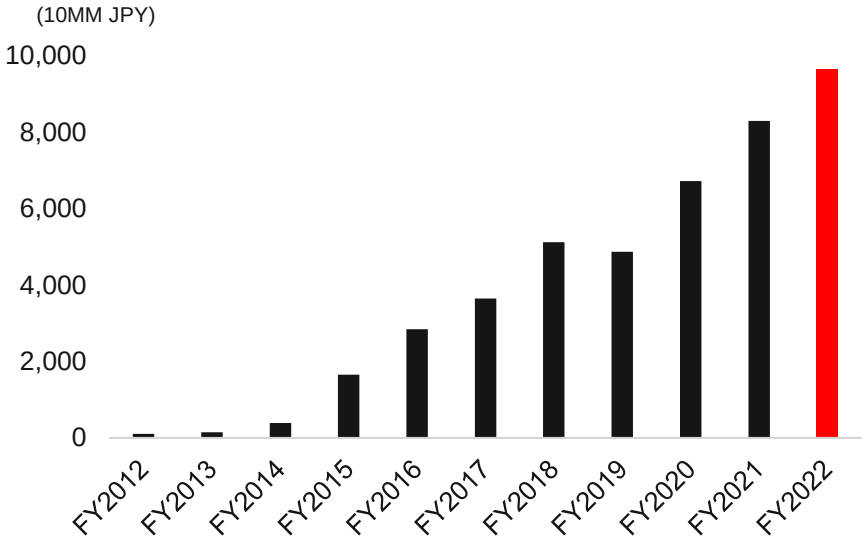
Population Of Rural Areas Are Decreasing, Yet The Funding For Revitalization Is Increasing

- In rural areas, there is a shortage of high-quality employment opportunities in terms of wages, stability, and job satisfaction, leading to population outflow to urban areas
- On the other hand, as a new source of revenue for rural areas, the amount of donations received through the ‘hometown tax’ system has been increasing year by year

Net Migration Balance of the Metropolitan Areas and Regional Areas(1)



The Amount of Donations through ‘hometown tax’ system(2)

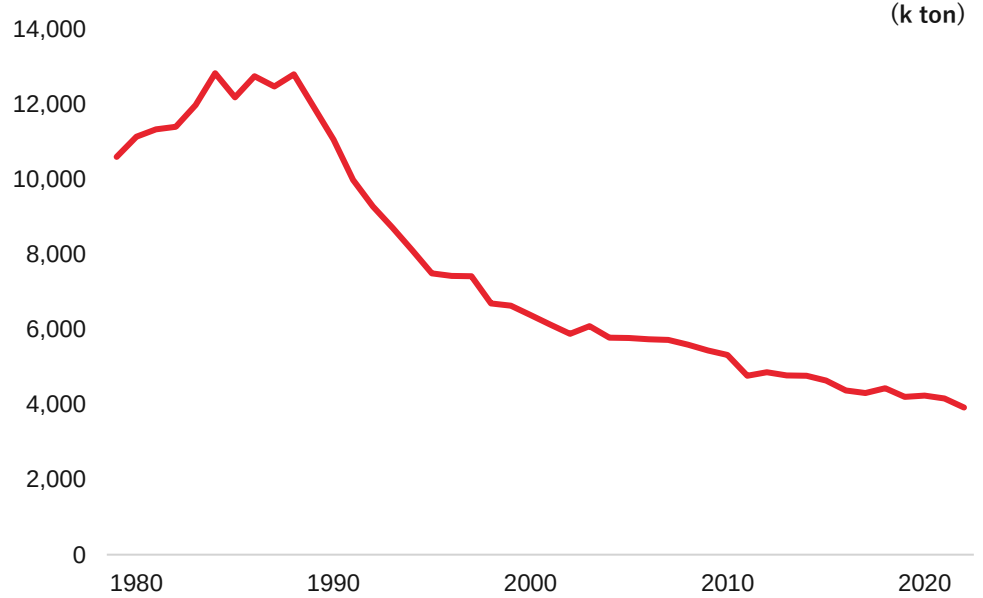


(1) Refer to the Ministry of Internal Affairs and Communications' "Basic Resident Register Population Movement Report". The three major metropolitan areas are Saitama, Chiba, Tokyo, Kanagawa, Gifu, Aichi, Mie, Kyoto, Osaka, Hyogo, and Nara
(2) Refer to the Ministry of Internal Affairs and Communications "Survey Results on Hometown Tax Payment (Conducted in FY5 of Reiwa)"

Seafood Resources Are Declining Affected By Climate Change

- Due to changes in seawater temperature and the progressing coastal erosion, fishery catches in Japan is decreasing year by year

Total Domestic Fisheries and Aquaculture Production(1)



(1) Ministry of Agriculture, Forestry and Fisheries "Reiwa 4 Year Fishery and Aquaculture Production Statistics"

Regulatory Changes Related To The Distribution And The Environment

- Regulatory changes affecting the food industry are progressing, necessitating adaptation

Category	Major Regulatory Changes	Overview	Key Influences
Distribution Reform	Reform in **the Wholesale Market Act** (2020)	To streamline food distribution and ensure a fair trading environment for fresh food products, rules related to wholesale markets are being reviewed, including lifting the ban on direct cargo delivery and eliminating requirements for standardized products	Direct transactions outside traditional markets and wholesale channels are becoming easier, promoting activities such as direct-from-source sales, exports, and e-commerce
Resource Management	Implementation of **the Fisheries Distribution Optimization System** (2021)	To prevent the circulation of illegally harvested aquatic organisms, such as abalone and sea cucumber, regulations define obligations for harvesters, processors, and distributors. These include reporting to government agencies, transmitting catch numbers and other records, and creating and preserving transaction records	The issuance of catch numbers for traceability and the requirement to create and maintain transaction records are increasing the demand for digitalization of transactions. It is expected that more fish species will be included in these requirements in the future.
Climate Change Measures	Implementation of **Sustainability Information Disclosure in Annual Securities Report** (2023)	Mandatory inclusion of sustainability information in annual securities reports	Regulations on companies are being strengthened and specific implementation measures are being developed to achieve the carbon neutrality goal by 2050.
	Opening of the **TSE Carbon Credit Market** (2023)	Carbon credits(1) trading market for J-Credits(2) opened by Tokyo Stock Exchange, Inc.	

(1) By certifying the amount of greenhouse gas emissions reduced, absorbed, or removed as credits, the results of these emissions are embodied in a form that can be traded with others
(2) It is a baseline and credit system operated by the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries, and certifies the amount of greenhouse gas emissions reduced and absorbed through the introduction of energy-saving and renewable energy facilities and forest management as J-credits

GROWTH STRATEGY

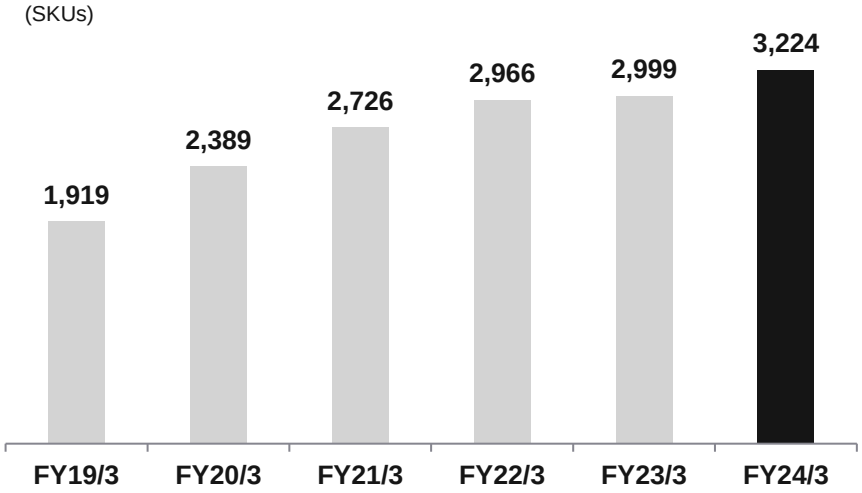
Core Growth Strategy in Detail

Core Growth Strategy | Product Expansion

Expand vegetable and meat products from a focus on seafood products, and enhance our product offerings with unique and distinctive items to further differentiate

Actual

Daily Average No. of SKUs on the website



Tactics

Expansion of Product Categories

BtoB Commerce Sales Composition Ratio(2)



(2) FY24/3 Actual

Expansion of Product Specialties

Product Specialties Required for Restaurants

- Simplicity of cooking
- Originality
- Stability

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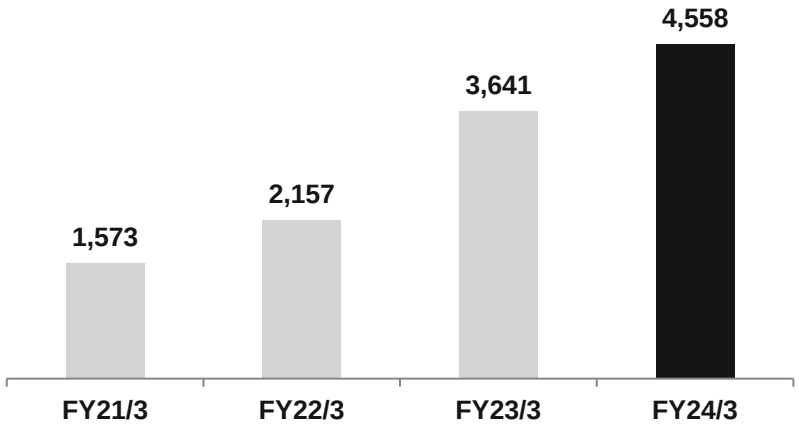
Core Growth Strategy | CRM Enhancement

We plan to continuously strengthen customer success and UI/UX to expand Active Users

Actual

Existing Cohort Revenue

(MM JPY)

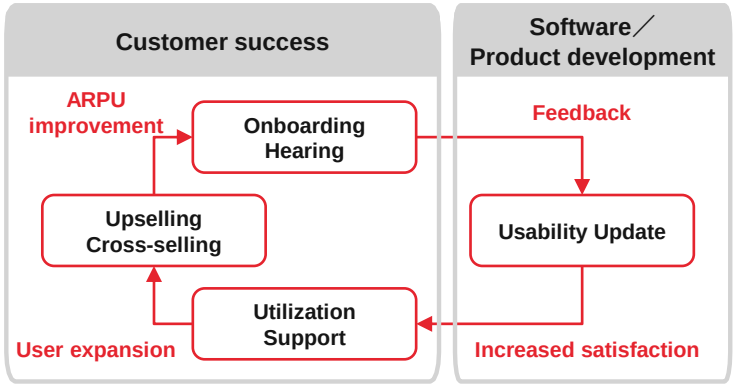


Tactics

Enhancement of User Onboarding

Improvement of Service Usability

Existing Cohort Sales Improvement Cycle



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Core Growth Strategy | CAPEX Investments

Expand new FFC functions to improve productivity over the medium to long term

Actual

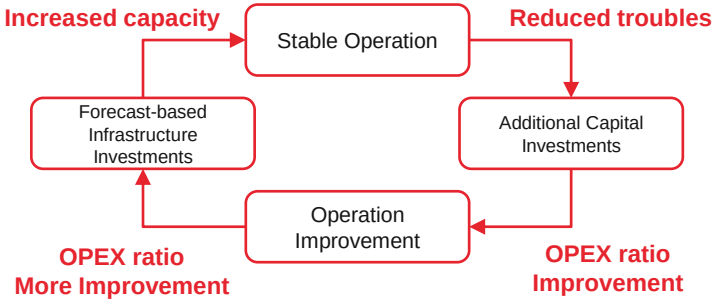
2014	Establishment of FFC function in the Tsukiji Market
2016	Opened FFC function in the Ota Market and started operation in two bases Tsukiji and Ota
2018	With the relocation to the Toyosu Market from Tsukiji, the FFC function was opened in the Toyosu Market, and started operation in two bases Toyosu and Ota
2019	In pursuit of efficiency, enhanced the FFC function in the Ota market and closed the Toyosu Market function. Started operation of one site in Ota
2021	Opened in-house processing function in Ota Market
2023	**In order to increase shipping capacity, FFC functions was expanded outside the Ota market and have started two bases operation**

Tactics

Stable Operation of New FFC Functions

Capital Investments to Improve Productivity

Infrastructure Investment Plan and Improvement Cycle



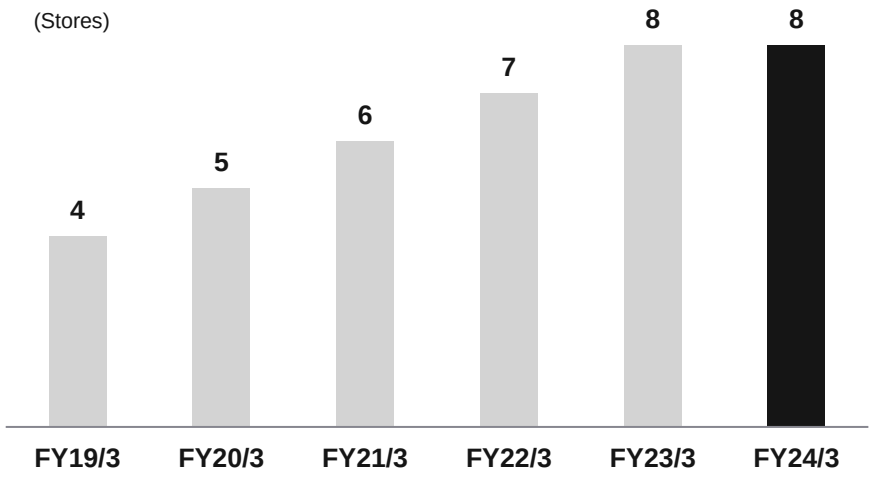
FOODiSON

Core Growth Strategy | New store openings

To open in-station stores with a focus on location conditions

Actual

Number of Stores(1)



(1) As of the end of March in each fiscal years

Tactics

Open Stores in Good Terms

Room for New Store Opening

Area	Stations with more than 40,000 passengers(2)
Tokyo, Kanagawa, Chiba, Saitama	About 300 stations
Tokyo wards	About 150 stations
Tokyo wards close to residential area	About 90 stations

(2) Based on our research from the information published by each railway company

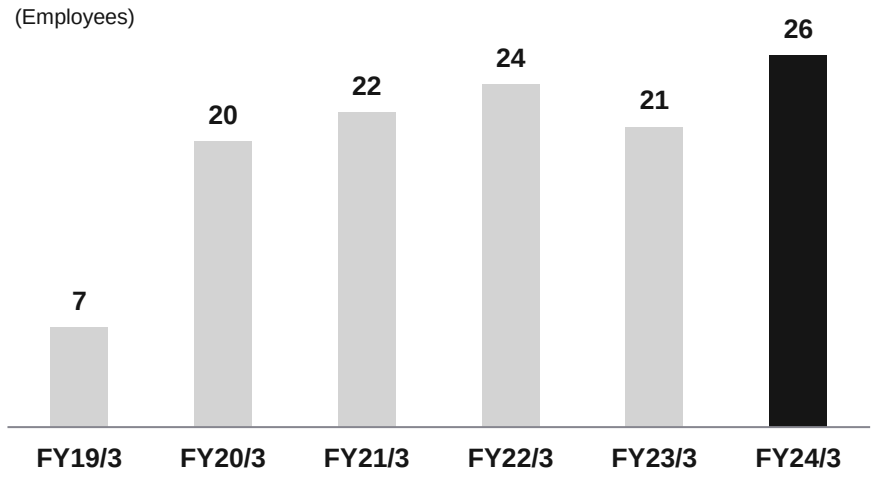
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Core Growth Strategy | Recruiting

Actively recruit mainly younger employees and aim to expand the scale of the organization

Actual

HR Services Number of Employees(1)



(1) As of the end of March in each fiscal years

Tactics

Continuous recruitment

Hiring Strategy

- Proactive recruitment and promotions
- Creating an attractive work environment
- New graduate recruitment

GROWTH STRATEGY

Platform Strategy in Detail

Platform Strategy | Attractive Product Development

We will work towards leveraging brands by enhancing our private labels products, with the expansion of the supplier network, the strengthening of product development capabilities, and private brand initiatives















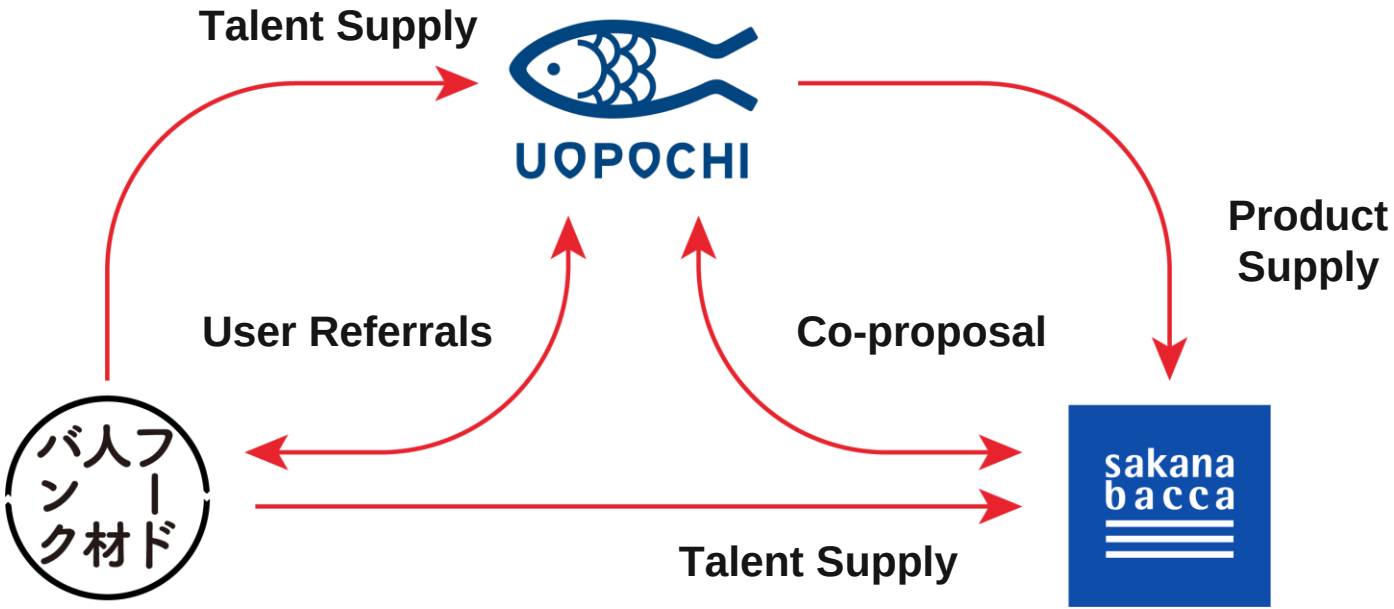





FOODiSON

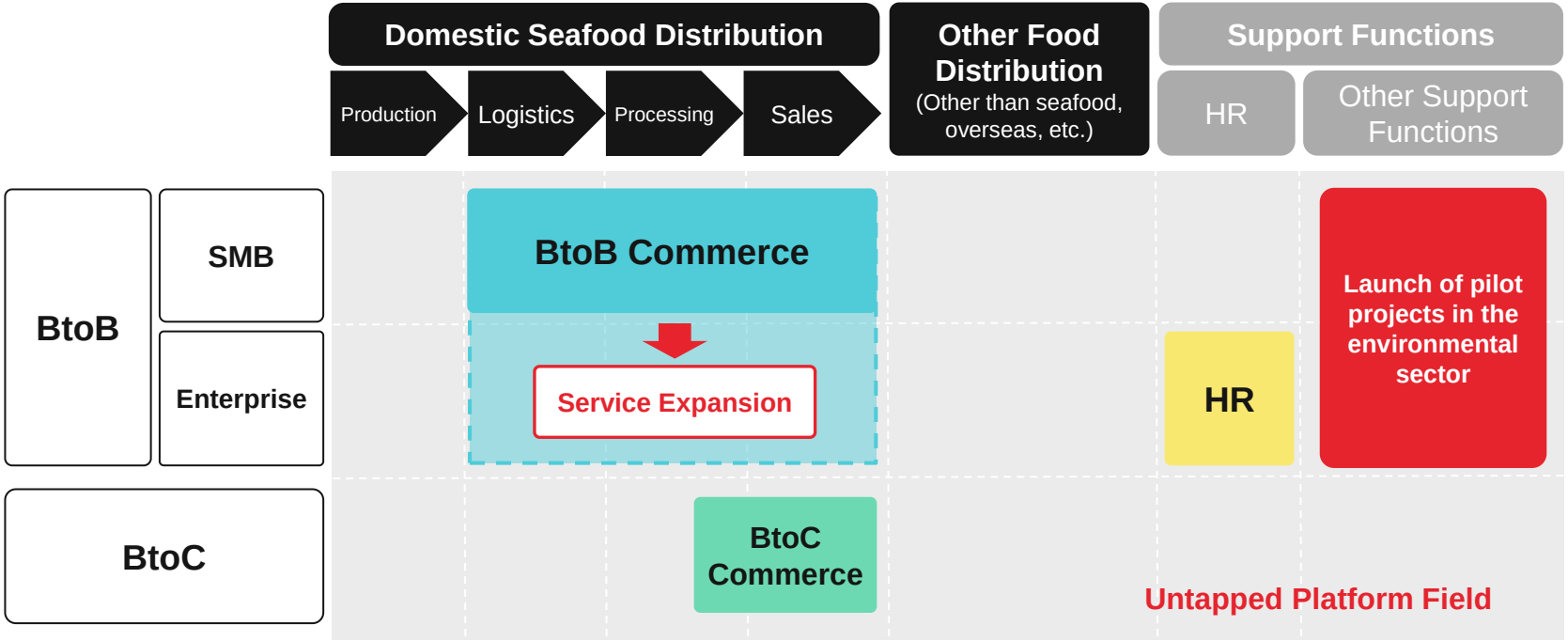
Platform Strategy | Creating Synergies Among Services

As we expand each service, there is increased potential to create synergies, and we aim to take those advantage of opportunities to improve productivity



Platform Strategy | Expansion Of Services For Businesses

While keeping a wide range of options such as expanding existing businesses, developing new businesses, and M&A, we will focus on expanding services for businesses



FOODiSON

Sustainability

Working To Achieve Sustainable Fresh Food Distribution Since Establishment

Implementing a wide range of environmental initiatives through our own platform

Major Initiatives of ESG

Environment	• Reuse of Styrofoam box • De-plasticization initiatives • Seaweed Meadow Regeneration Project • Product development using underutilized fish
Social	• Providing job experience opportunities to the local community • Efforts to popularize fish consumption • Providing a seafood distribution system that utilizes IT • Supporting the reconstruction of disaster-stricken areas
Governance	• Promoting Diversity in the Board of Directors • Sustainability Committee



Conoshiro-smoke



Reused Styrofoam box

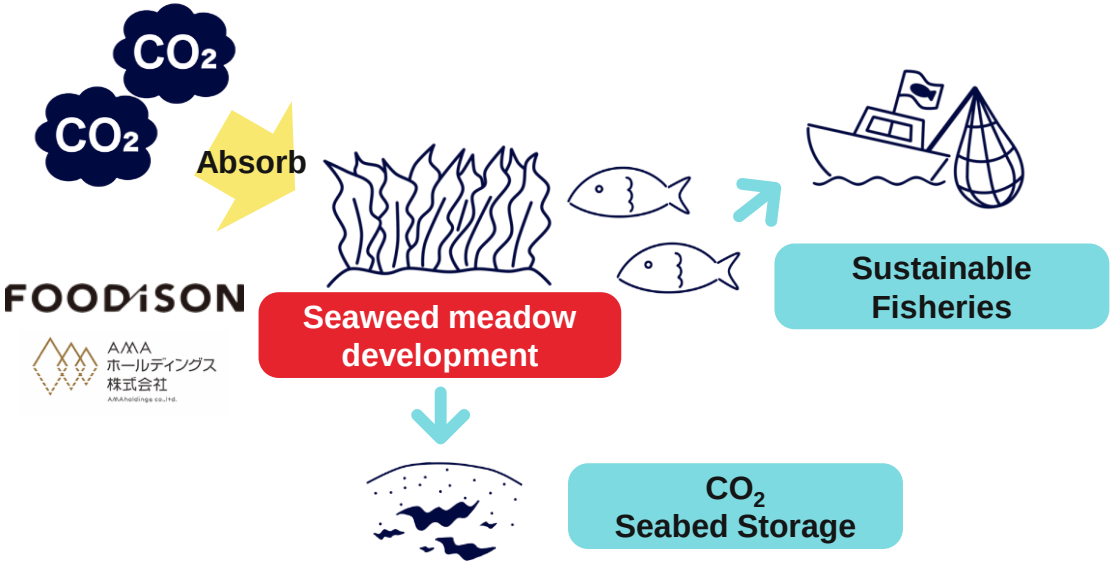
Product Development using Underutilized Fish / Reuse of Styrofoam Boxes

Environment

Seaweed Meadow Regeneration To Initiate Creation Of Blue Carbon(1)

We have partnered with AMA Holdings to develop seaweed meadow regeneration development in Ama Town, Shimane

Overview of Ama Town Seaweed Meadow Development Project



Outlook

- **Entry into the environmental business**
  Contributing to the expansion of the carbon-neutral market
- **Creation of jobs in local communities**
  Creation of permanent employment through environmental restoration projects
- **Cultivate marine resources**
  Revitalization of the fisheries industry

(1) Carbon that is taken up by coastal and marine ecosystems and accumulated in their biomass and the soil beneath them. In particular, algae are said to be highly effective in storing carbon over the long term, and seaweed beds also have the effect of nurturing marine organisms, which has great benefits in combating global warming and maintaining marine ecosystems





Supporting the Reconstruction of Fukushima / Efforts to Popularize Fish Consumption

Social

Board of Directors[1]

Representative Director and CEO

Tohru Yamamoto

- Joined SMS Co., Ltd. in 2003, as a founding member, and served as a director of HR business and new business development
- Founder and CEO of Foodison since 2013
- A fisheries Policy Councilor, Fisheries Agency of Japan since 2019

Director and CFO

Naoki Naito

- Joined Mizuho Corporate Bank (currently Mizuho Bank, Ltd.) in April 2006, where he was engaged in investment banking with a focus on M&A and structured finance
- Joined Foodison in 2016 and became a Board of Director and CFO in 2018
- MBA from Wharton School, University of Pennsylvania

Outside Director

Itaru Tanimura

- Former Partner at McKinsey & Co.
- Founder and CEO of So-net M3 Inc. (currently M3, Inc.) since 2000
- An independent director of Foodison since 2015

Outside Director

Hideaki Fukutake

- Joined KEYENCE Co., Ltd. in 2000
- Joined SMS Co., Ltd. in 2006
- Joined Benesse Holdings, Inc. as an outside director in 2014
- A non-executive director of Benesse Holdings Co., Ltd. since 2021
- An independent director of Foodison since 2023

Outside Director

Haruna Nochi

- Joined Mitsubishi UFJ Securities Co., Ltd.[2] in 2007
- Joined Uber Japan Co., Ltd in 2016
- Joined Wolt Japan Co., Ltd. in 2021 and became a representative director in 2023
- A director of newmo, Inc. since 2024
- An independent director of Foodison since 2024
- MBA from University of California, Berkeley

(1) As of August 2024
(2) Current Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

The Board of Directors, the majority of which is composed of independent directors

Governance

Disclaimer

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- This material (including earnings forecasts) has been prepared by the Company based on reliable information available at the time, but it contains risks and uncertainties, and the Company assumes no responsibility for its accuracy or completeness.
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