



# **FOODiSON**

**Business Plan and Growth Potential**

**June 2023  
Foodison, Inc.**

## 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.

**FOODISON**



## COMPANY OVERVIEW

<b>Company Name</b>	<b>Foodison, Inc.</b>
<b>Founded</b>	<b>April 1, 2013</b>
<b>Founder and CEO</b>	<b>Tohru Yamamoto</b>
<b>Headquarter</b>	<b>Ken Media Building 5F, 3-3-7, Kachidoki, Chuou-ku, Tokyo</b>
<b>Group Company</b>	<b>Foodison Ota Corporation</b> (Wholly-owned subsidiary and a wholesaler in Ota Market)
<b>No. of Employees</b>	<b>234<sup>(1)</sup></b>

(1) As of end of March, 2023, consolidated figures including temporary employees



# INDEX

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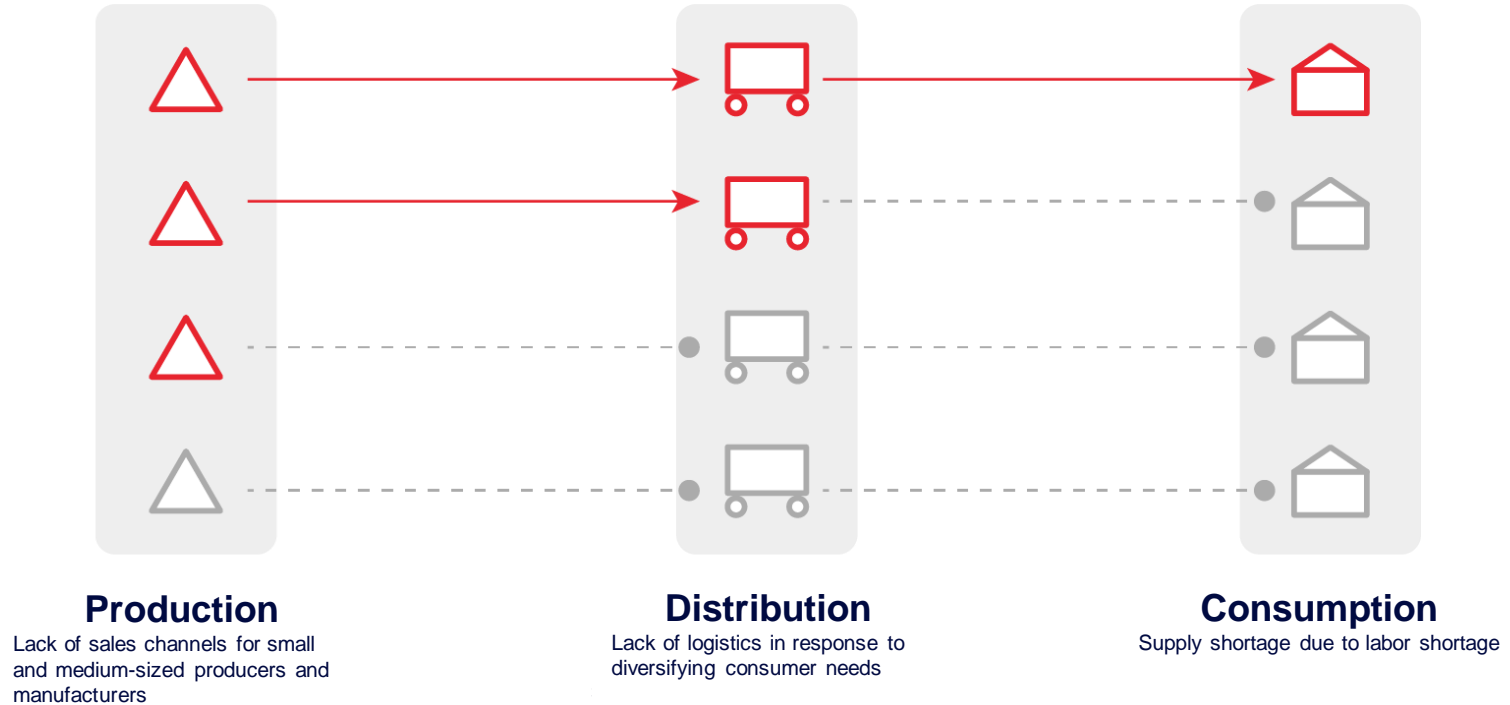
**1**

**BUSINESS OVERVIEW**

**BUSINESS ENVIRONMENT**

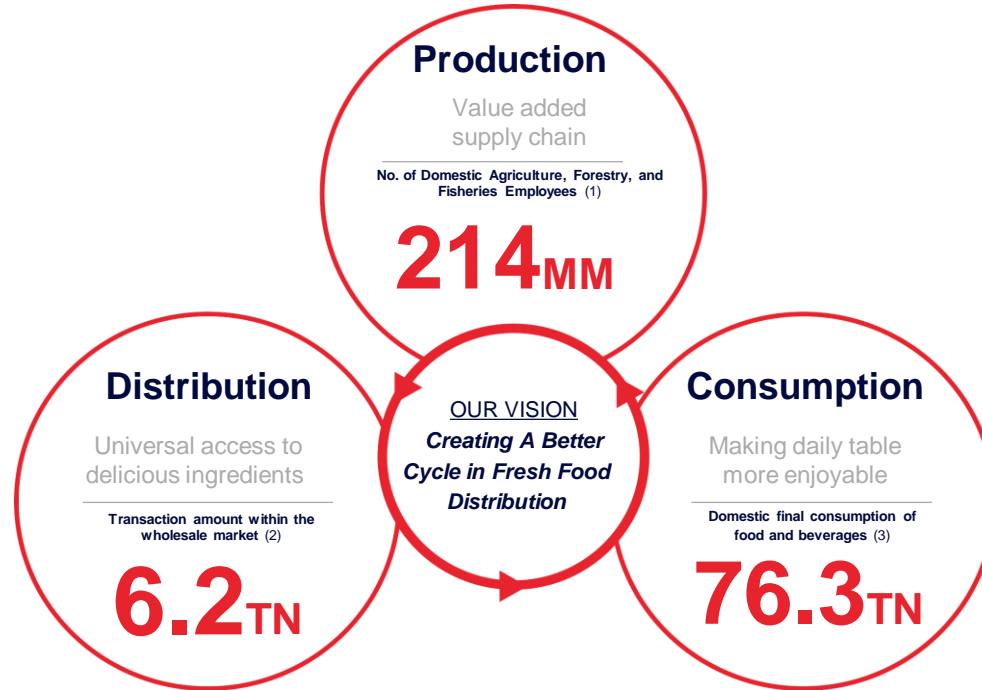
# The Challenges Faced by the Food Industry

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



# 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



(1) Ministry of Internal Affairs and Communications, March 2023 "Labor Force Survey"

(2) Ministry of Agriculture, Forestry and Fisheries, Fiscal Year 2023 "Wholesale Market Data Collection"

(3) Ministry of Agriculture, Forestry and Fisheries, October 2017 "About the distribution structure including wholesale markets"



# Regulatory Easing in Food Distribution

The legal reform brings tailwinds for EC businesses utilizing wholesale markets

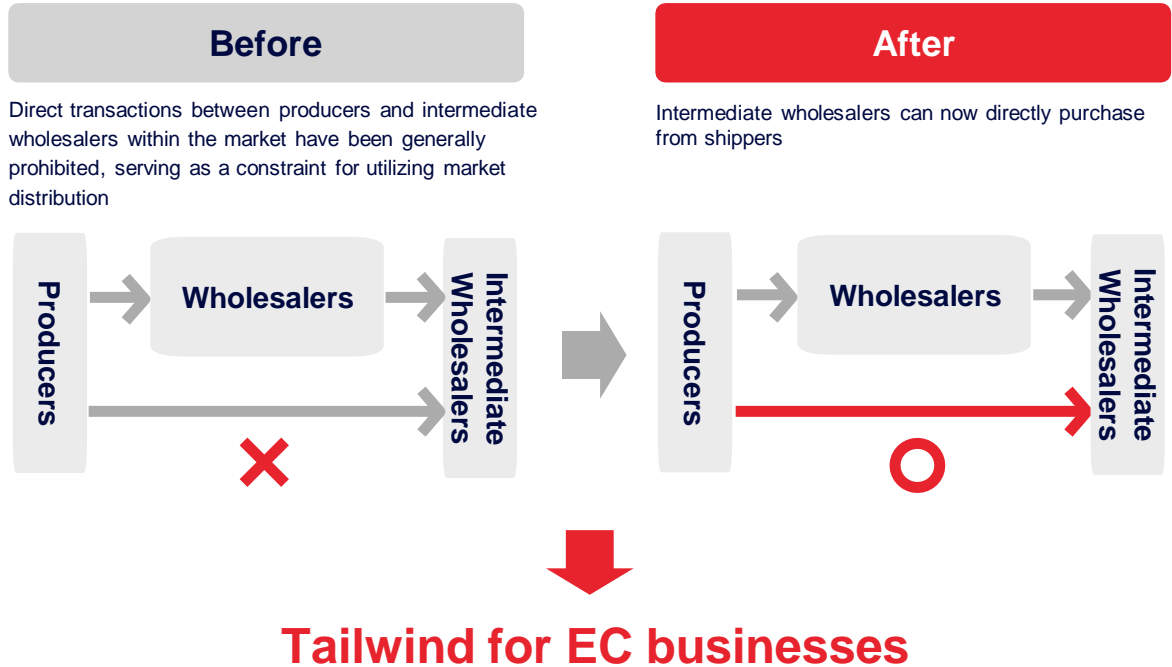
## Reform in the Wholesale Market Act (June 2020)

### Aim of the Legal Reform

To promote the rationalization of food distribution and ensure a fair trading environment for fresh food and other products

### Major Changes

- Abolition of the prohibition of direct transactions between producers and intermediate wholesalers
- Abolition of the requirement for consistency between the flow of payment and logistics

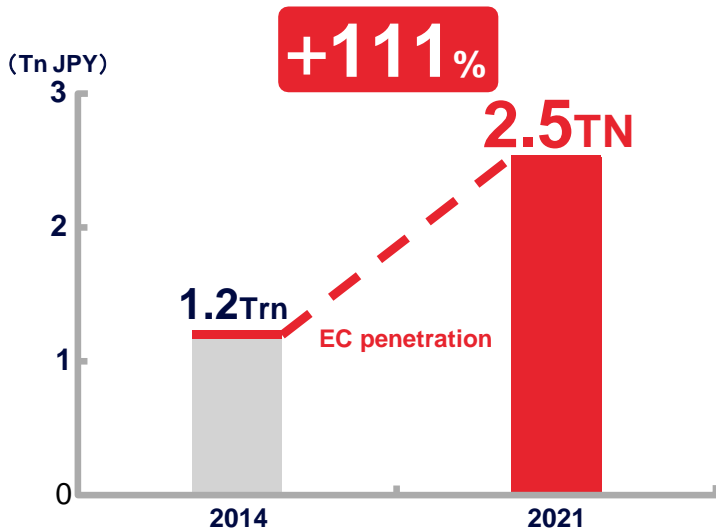


# Food EC market in Japan is Entering a Growth Phase

The E-Commerce (EC) ratio in the food industry was 3.8% in 2021, which is lower compared to other categories, indicating a high growth potential for the EC market

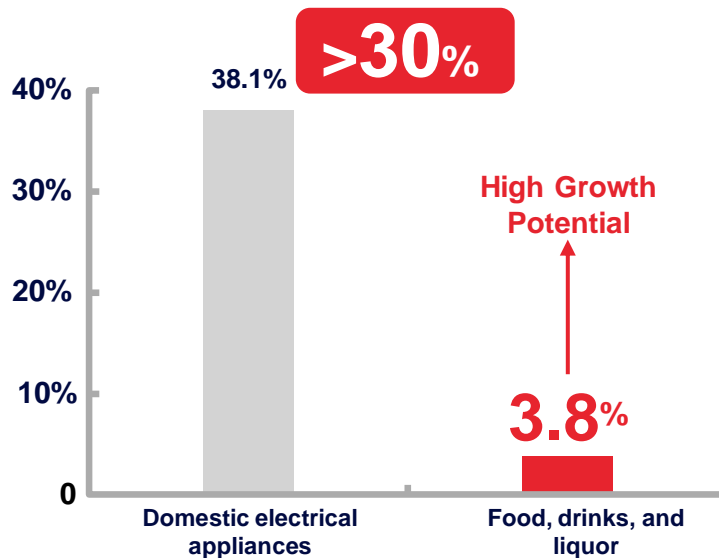
## Expansion of Food EC

### Food EC Market Growth Rate



## High Growth Potential

### Difference in EC Ratios



(1) E-commerce market size and e-commerce ratio refer to the "FY2021 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.

# **BUSINESS SUMMARY**

# BtoB



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

Limited resource

Have to go to the market in the morning to select supplies

Desire for high-quality ingredients and rare food items

#### Value Proposition

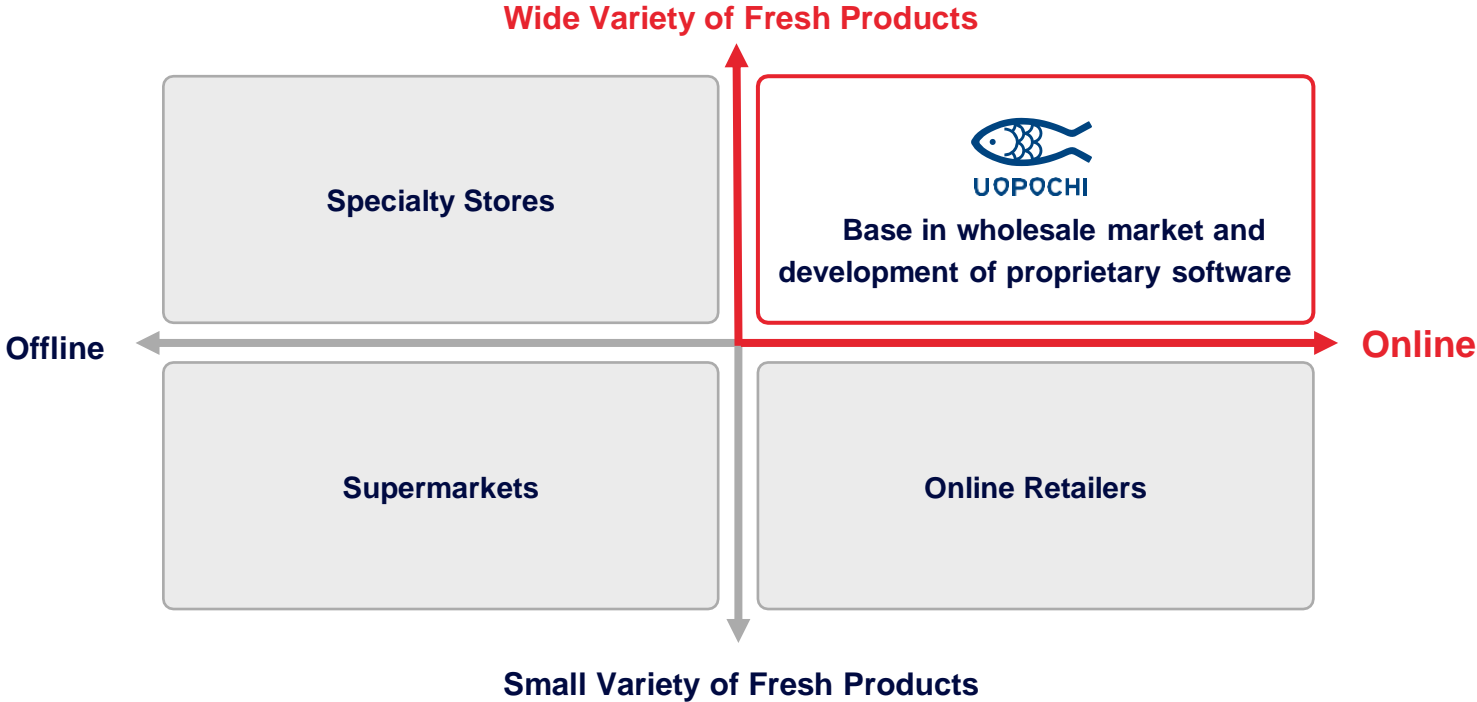
- Easy ordering with smartphone
- Delivery from the market to the door
- Accepting orders until 3AM, with delivery as early as the next day

- Orders for the next day can be placed from 3:30 pm
- Detail information about products provided by professional buyers

- A variety of fresh fish procured direct from all over Japan

# Unique Positioning as an EC Operator with Access to Wholesale Market

Holding a FFC base within the wholesale market and building an e-commerce around it provides unique advantage because of its superiority in product procurement and logistics



# BtoC



*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

Unsatisfied with the freshness and product lineup of fish at supermarkets

The difficulty of cooking fish, even if you want to eat it

There are limited opportunities for learning and experiencing about food and ingredients

### Value Proposition

- Direct from the market
- Variety of fresh seafood that can only be found in a specialty store

- Easy-to-understand explanations by professionals

- Events focused on enhancing the food experience
- Promotion of private brands in collaboration with producers and suppliers

# HR



*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

The database of major staffing companies is mainly focused on office workers

When talking to recruitment agents, they don't understand the level of skill required

Recruitment channels only target part-time workers

### Value Proposition

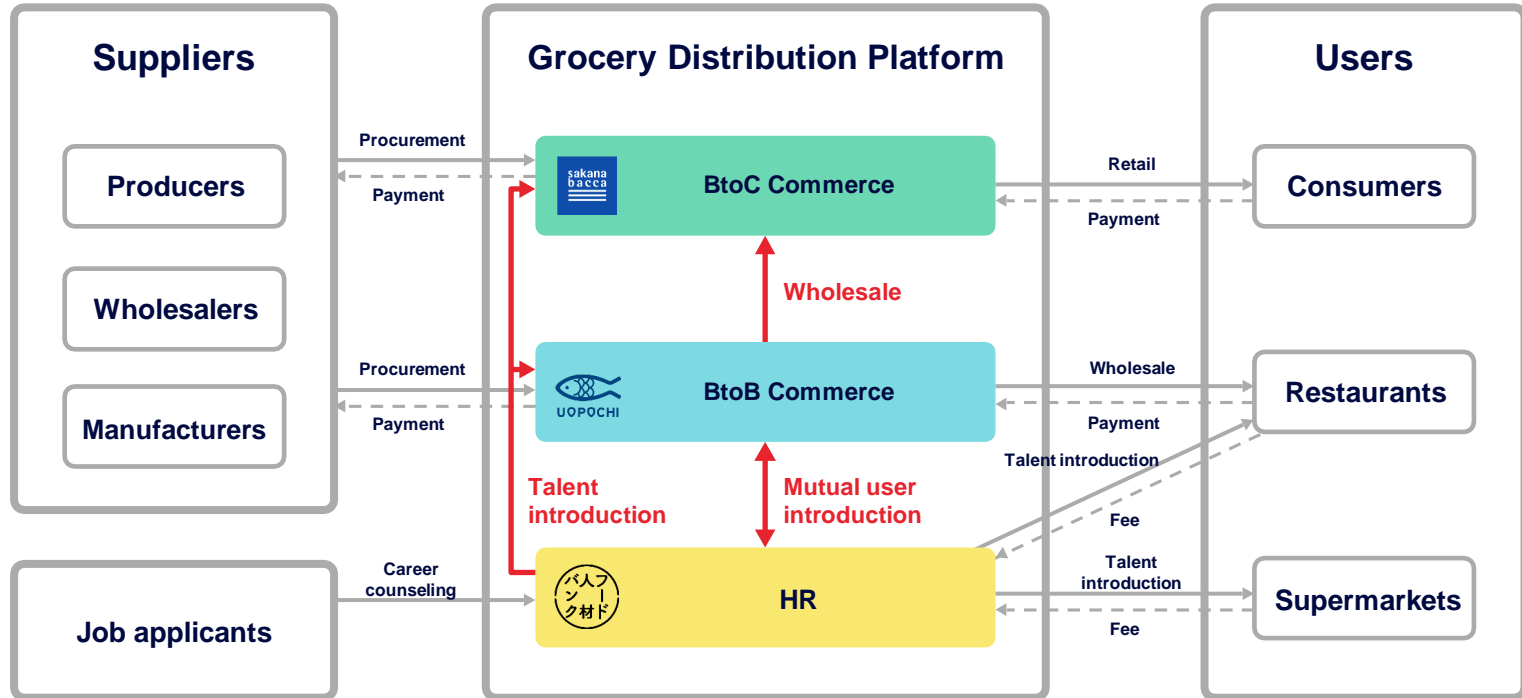
▶ A database specialized in the food industry

▶ Agents with a high level of understanding of the industry

▶ Introduction of regular employment in the food industry

# Business Diagram

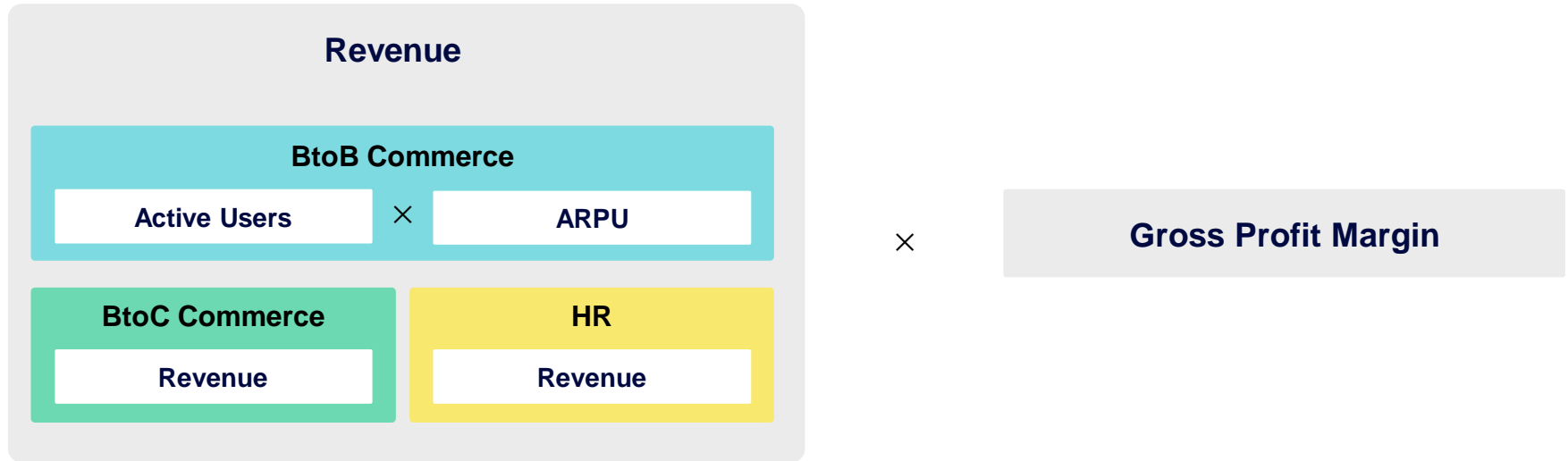
With a focus on BtoB Commerce, we aim to cover a wide range of the food industry, allowing each service to organically create synergies





# Business Model

We evaluate our business growth by gross profit and KPIs are Active Users and ARPU of BtoB Commerce and overall gross profit margin

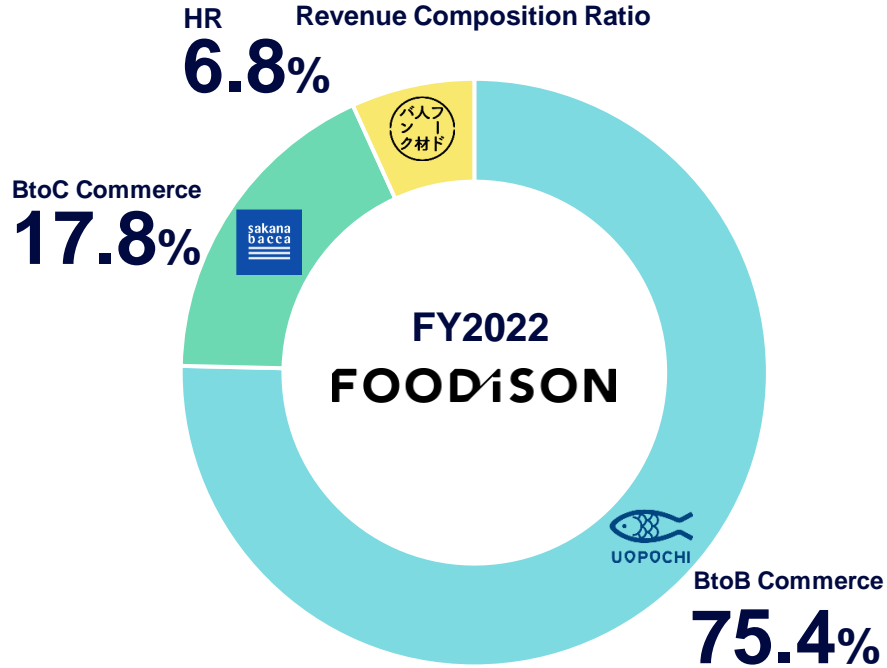


(1) Refers to the number of users who placed at least one order each month. Figures are quarterly averages of monthly Active Users

(2) ARPU (Average Revenue Per User) refers to the average monthly revenue per active user

# Financial Summary

Business portfolio mainly consisted of BtoB Commerce service



Revenue  
**5.28**Bn JPY  
(Results for the FY22)

Active users  
**3,621**users  
(BtoB Commerce results for the FY22)

No. of retail stores  
**8**stores  
(BtoC Commerce results for the FY22)

Gross profit  
**1.90**Bn JPY  
(Results for the FY22)

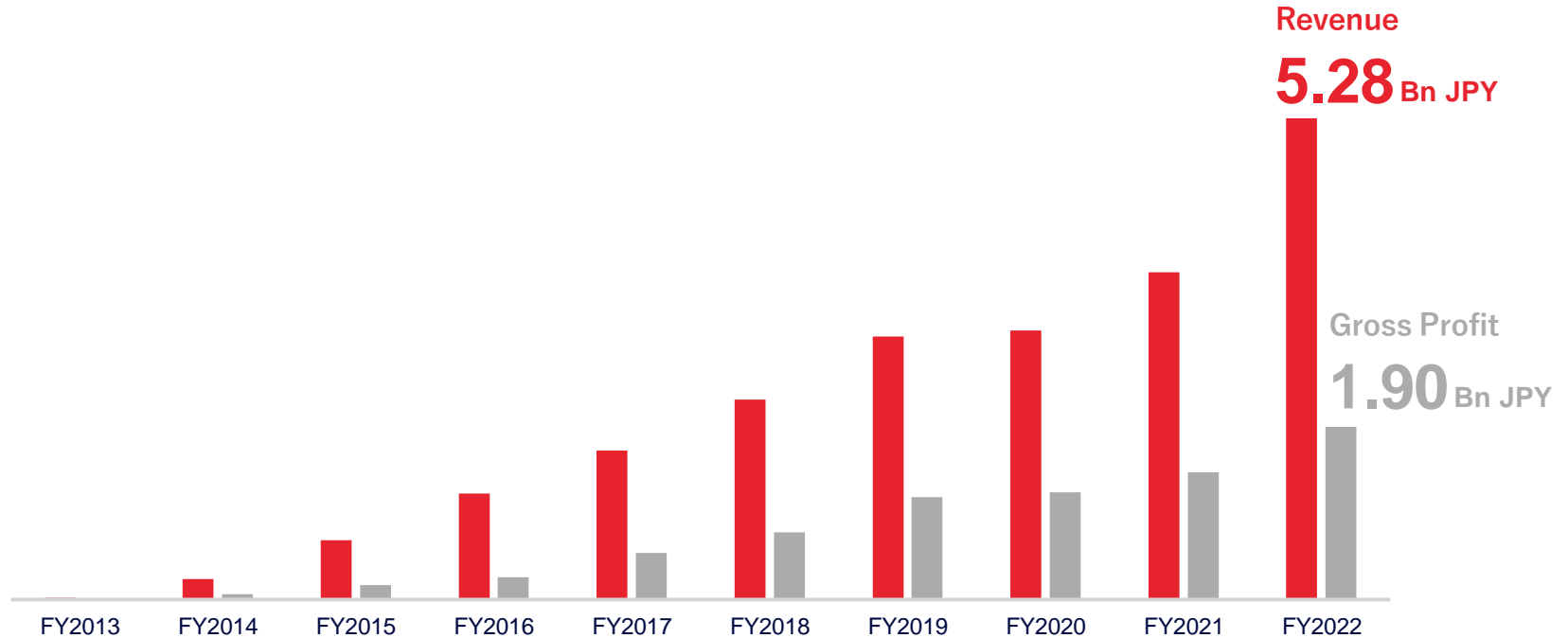
ARPU  
**99**K JPY  
(BtoB Commerce results for the FY22)

Average annual revenue per store  
**120**MM JPY  
(BtoC Commerce results for the FY22)

● BtoB ● BtoC ● HR

# Revenues and Gross Profit since Establishment

Since founding in 2013, we have expanded our platform and achieved 10 consecutive years of revenue growth



(1) Non-consolidated before FY2015, Consolidated after FY2016



2

**COMPANY HIGHLIGHT**

## COMPANY HIGHLIGHT

- 1 | **A Seamless Platform Connected from Upstream to Downstream**
- 2 | **Access to Fresh Wholesale Markets and Strong Supplier Network**
- 3 | **High Barriers to Entry for Digital Transformation in Fresh Food Distribution**
- 4 | **Attractive Business Model and Growth Potential**

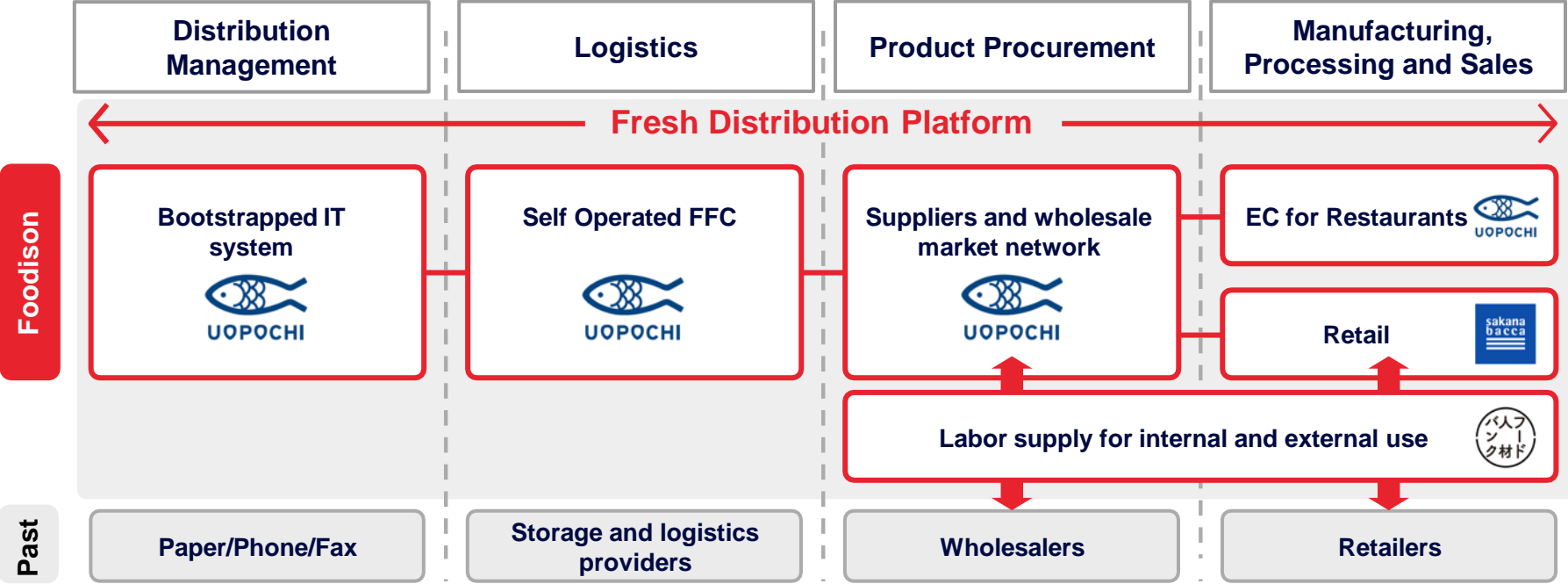
COMPANY HIGHLIGHT

**A Seamless Platform Connected from  
Upstream to Downstream**



# Establishing a Fresh Food Distribution Platform on Uopochi

Current fresh food distribution systems were designed before AI and the Internet were invented, and more convenient distribution systems can be realized by utilizing the latest technologies. We built a system that integrates distribution functions that have been divided into different branches of industry in a single integrated system to improve productivity



# Competitive Advantage

We have developed each function independently and has a competitive advantage in each function

Distribution Management	Logistics	Product Procurement	Manufacturing, Processing and Sales
<p><b>DX and high-efficiency management</b></p> <ul style="list-style-type: none"> <li>• System network connecting with local producers and marketers</li> <li>• Proprietary distribution management system</li> <li>• Sales Management System</li> <li>• Mechanism to minimize inventory loss</li> </ul>	<p><b>Courteous and speedy delivery</b></p> <ul style="list-style-type: none"> <li>• FFC built within the central wholesale market</li> <li>• Unique delivery network that enables same-day delivery</li> </ul>	<p><b>Broad procurement capabilities</b></p> <ul style="list-style-type: none"> <li>• Procurement network with more than 70 areas and long-tail products</li> <li>• Various licenses to operate in the market</li> </ul>	<p><b>High sales force and brand</b></p> <ul style="list-style-type: none"> <li>• User database of more than 20,000 stores</li> <li>• Hedged sales credit risk</li> <li>• Conveniently located store in the station</li> <li>• Good branding</li> </ul>

## Past

Analog and inefficient management	Logistics dependent on third party	Market-centric procurement	Difficult to differentiate and inefficient
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COMPANY HIGHLIGHT

**Access to Fresh Wholesale Markets  
and Strong Supplier Network**



# Access to the Fresh Markets and Nationwide Unique Network of Suppliers

Building a strong network of local suppliers based on our own distribution functions to provide reliable value

## Access to the Fresh Wholesale Markets

The proprietary distribution functions within wholesale markets enables fast procurement and delivery

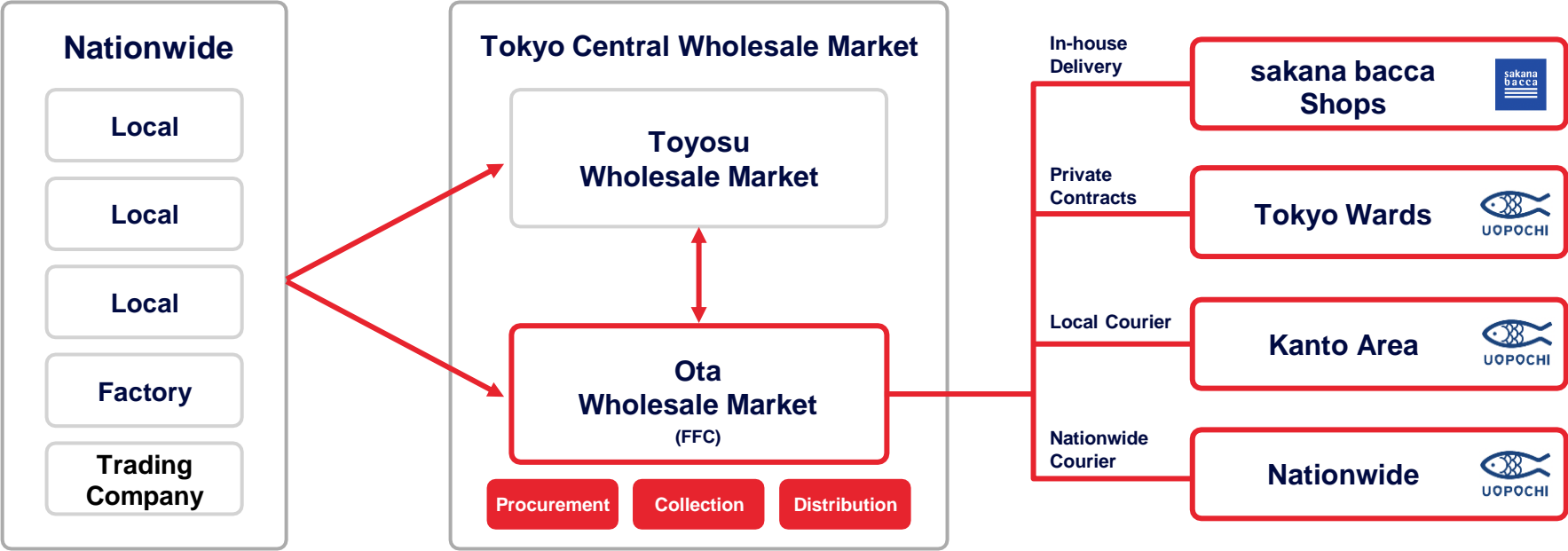


## Nationwide Unique Network of Suppliers



# A Unique Distribution Platform Connecting to the World's Largest Fresh Market

Through our unique network with production areas and manufacturers nationwide and our network within wholesale markets, we have a well-balanced and robust product procurement foundation. By cooperating with the optimal delivery method, it enables to construct a service that efficiently delivers a diverse range of food categories with quality freshness



# Productivity Improvement by Integrating Operations and Technology

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

In-house picking system

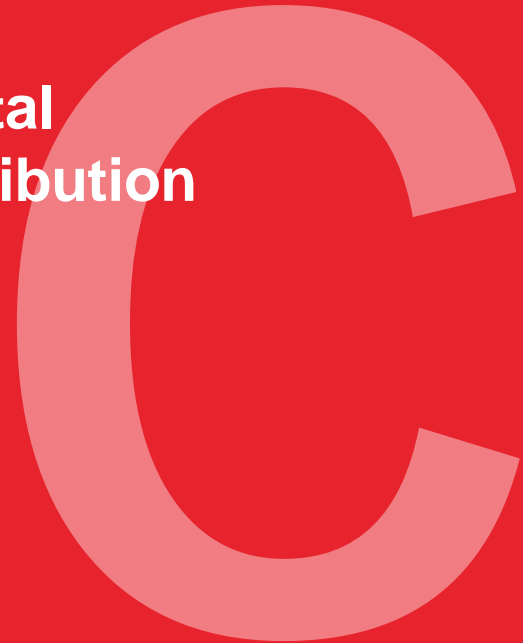


Automatic weighing device



COMPANY HIGHLIGHT

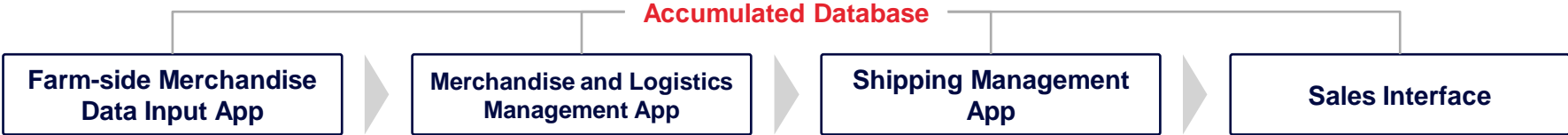
# High Barriers to Entry for Digital Transformation in Fresh Food Distribution



# Analog and Complex Distribution Structures

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

## Proprietary Software Development



目方計量データ一覧

発注先	仕入先	品名	規格	数量	単価	計量重量
新庄	FO産	トビウオ	全房	10	1.4	139
新庄	FO産	トビウオ	全房	10	1.5	1420
新庄	FO産	トビウオ	全房	10	1.4	1395



# 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	<b>Low</b> When necessary	<b>High</b> Daily
Order Frequency	<b>Low</b> Every few days to months	<b>High</b> Every 1-2 days
Storage Types	<b>Few</b> Room temperature	<b>Many</b> Chilled/Frozen/Room
Duration	<b>Long</b>	<b>Short</b>
Price	<b>Listed Price</b>	<b>Paid by weight</b>

## Software Requirements

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

# Regulated Market

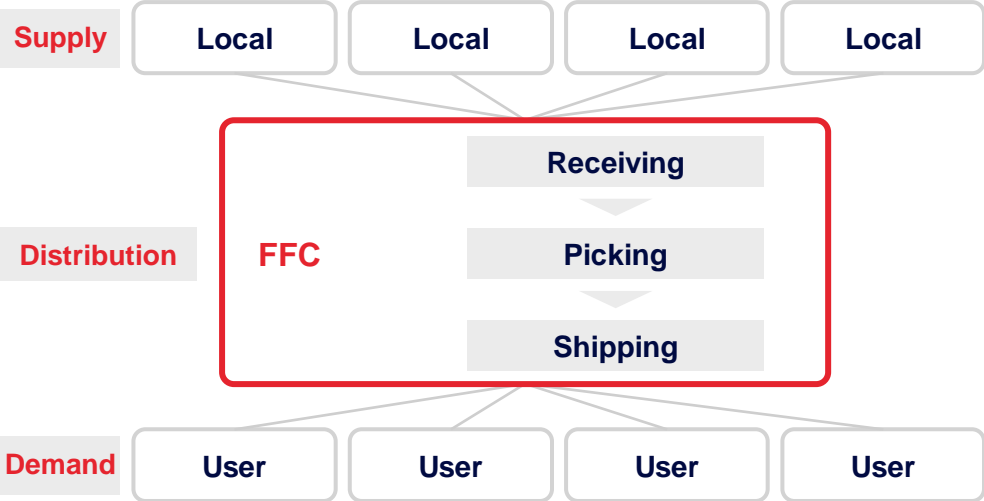
We have obtained various permits and licenses to operate in the Tokyo Central Wholesale Market and have secured space for large-scale shipping operations at the Ota Market

## 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

With the demand and supply spread across the country, large-scale FFC that is connected to the market provides competitive advantage





COMPANY HIGHLIGHT

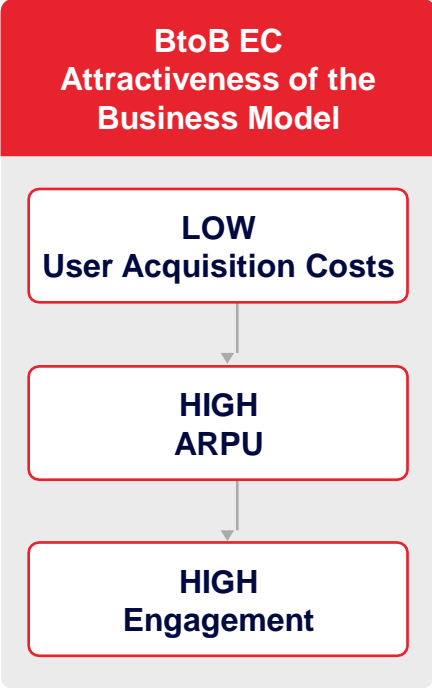
**Attractive Business Model  
and Growth Potential**



# Characteristics and Attractions of BtoB EC Business Model

Due to the higher unit price in BtoB EC, efficiency and cost savings are high, and there is a high level of engagement given the demand is for business purposes. Therefore, it is important to ensure service quality

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

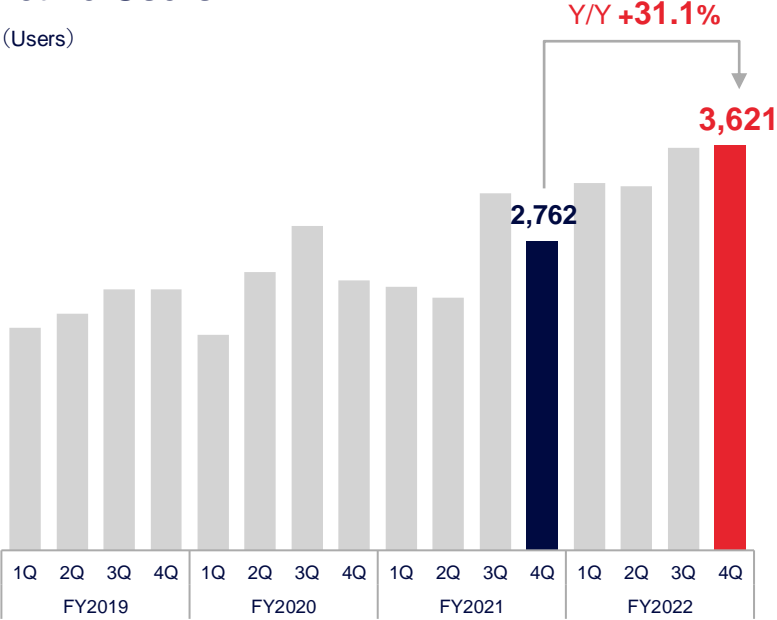


# BtoB Commerce | Active Users and ARPU

The performance of Q4-FY21 was adversely impacted by the COVID-19 pandemic, which subsequently resulted in significant growth during Q4-FY22

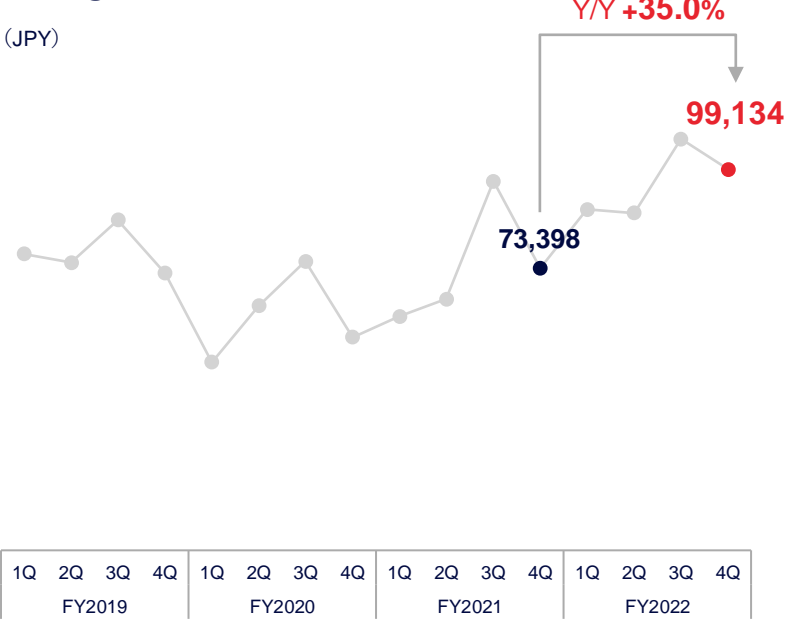
## Active Users<sup>(1)</sup>

(Users)



## ARPU<sup>(2)</sup>

(JPY)



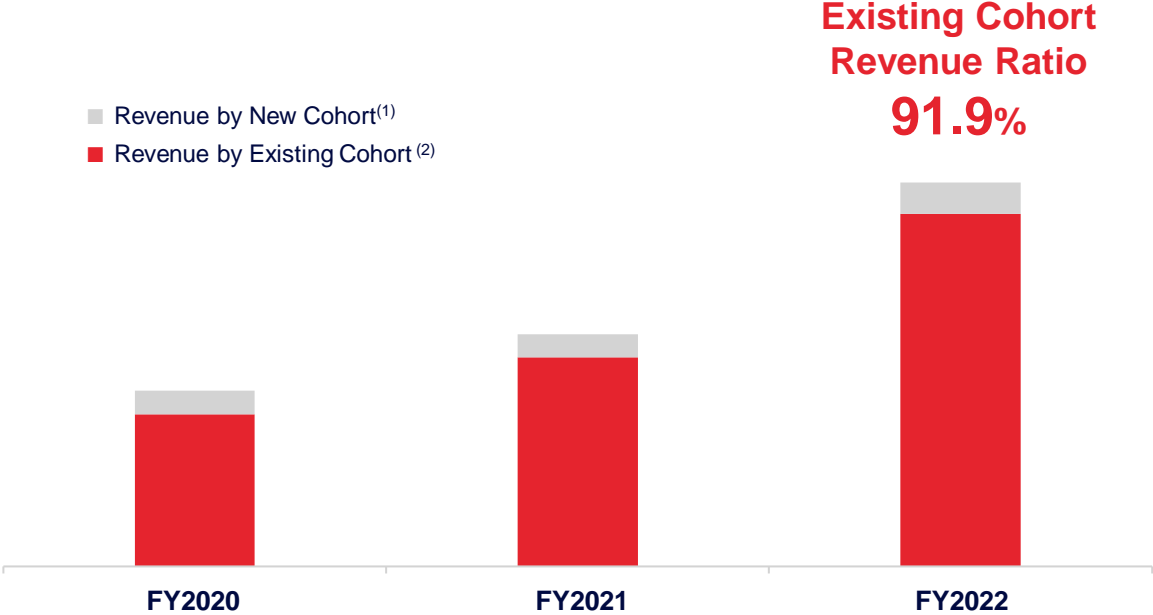
(1) Refers to the number of users who placed at least one order each month. Figures are quarterly averages of monthly Active Users

(2) ARPU (Average Revenue Per User) refers to the average monthly revenue per active user

# 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

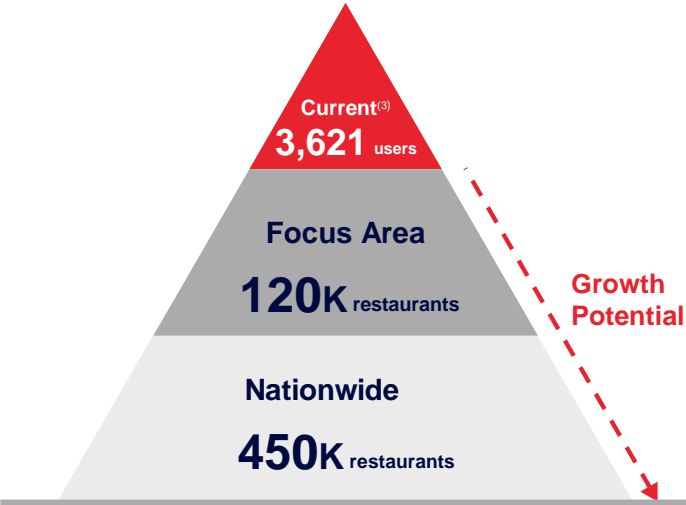


(1) Revenue by New Cohort refers to the total revenue generated by newly registered users in the newest fiscal year  
(2) Revenue by Existing Cohort refers to the total revenue generated by users who registered before the previous fiscal year

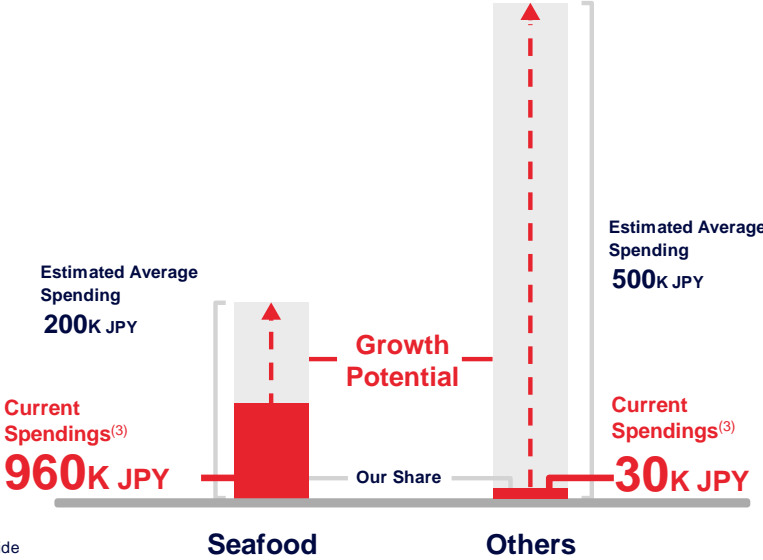
# Growth potentials of KPIs in BtoB Commerce

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

## Growth Potential of Users<sup>(1)</sup>



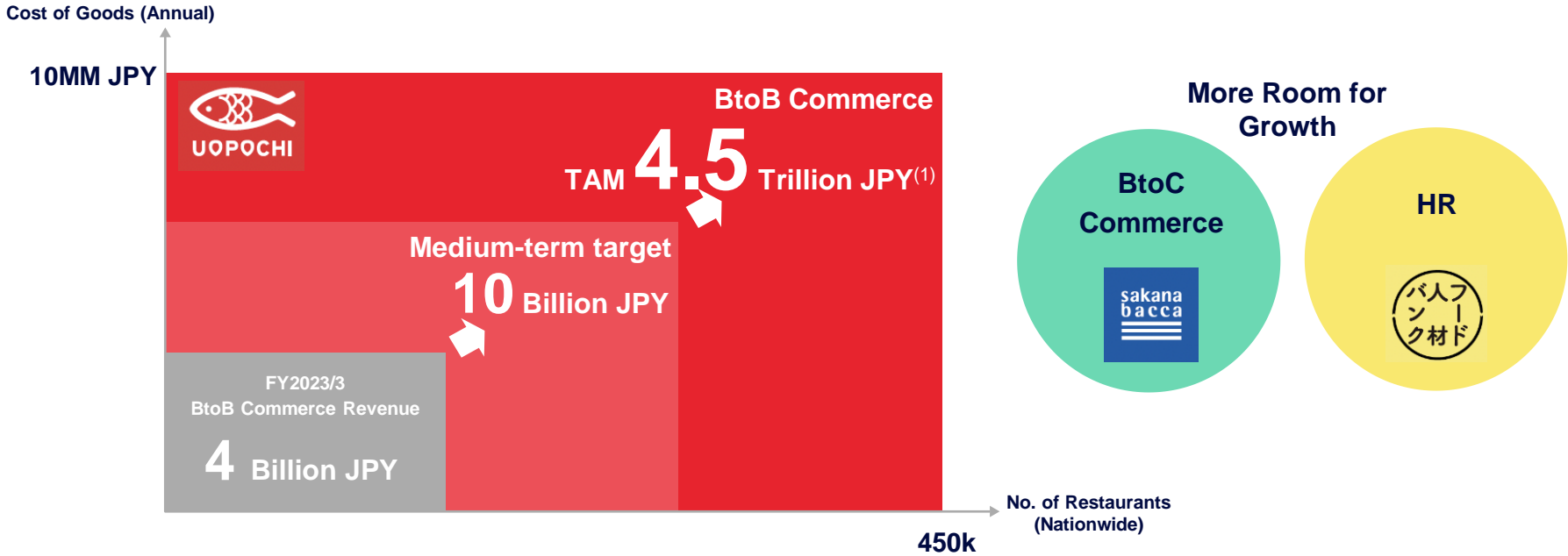
## Growth Potential of ARPU<sup>(2)</sup>



(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 Q4g FY2022

# 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)

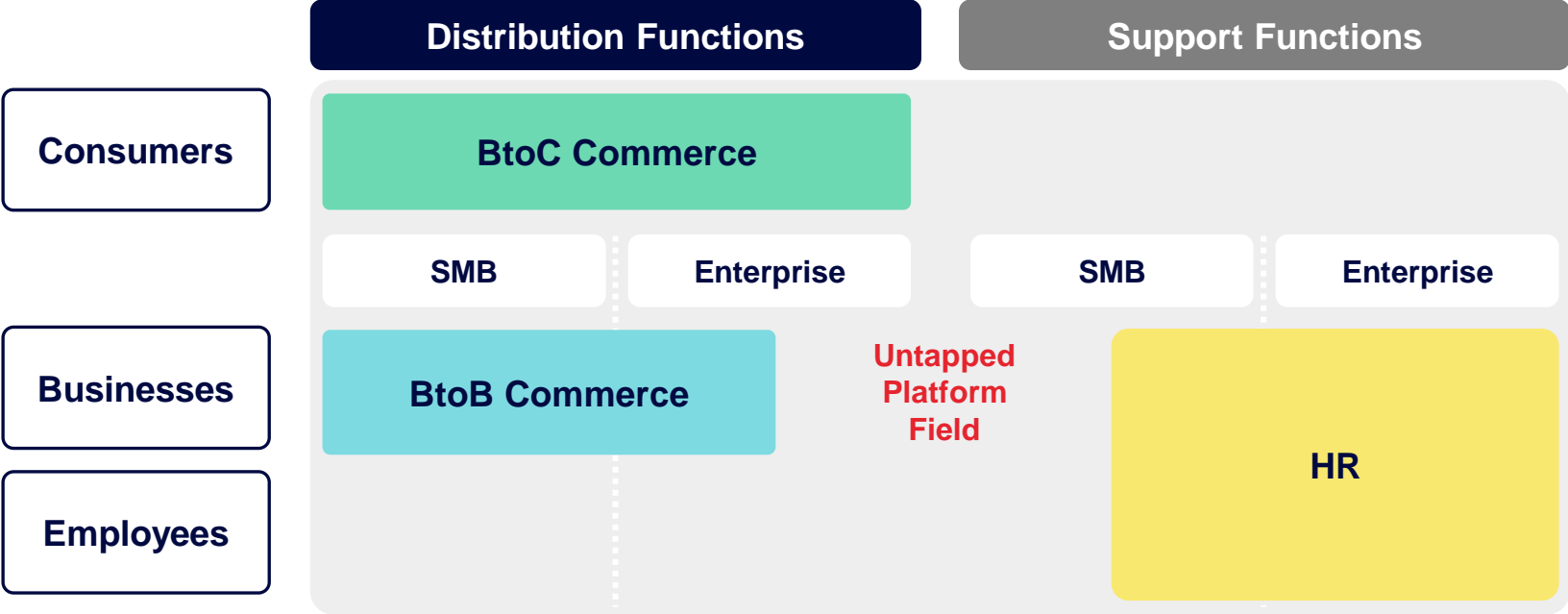


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## GROWTH STRATEGY

# General Concept of Our Platform Growth

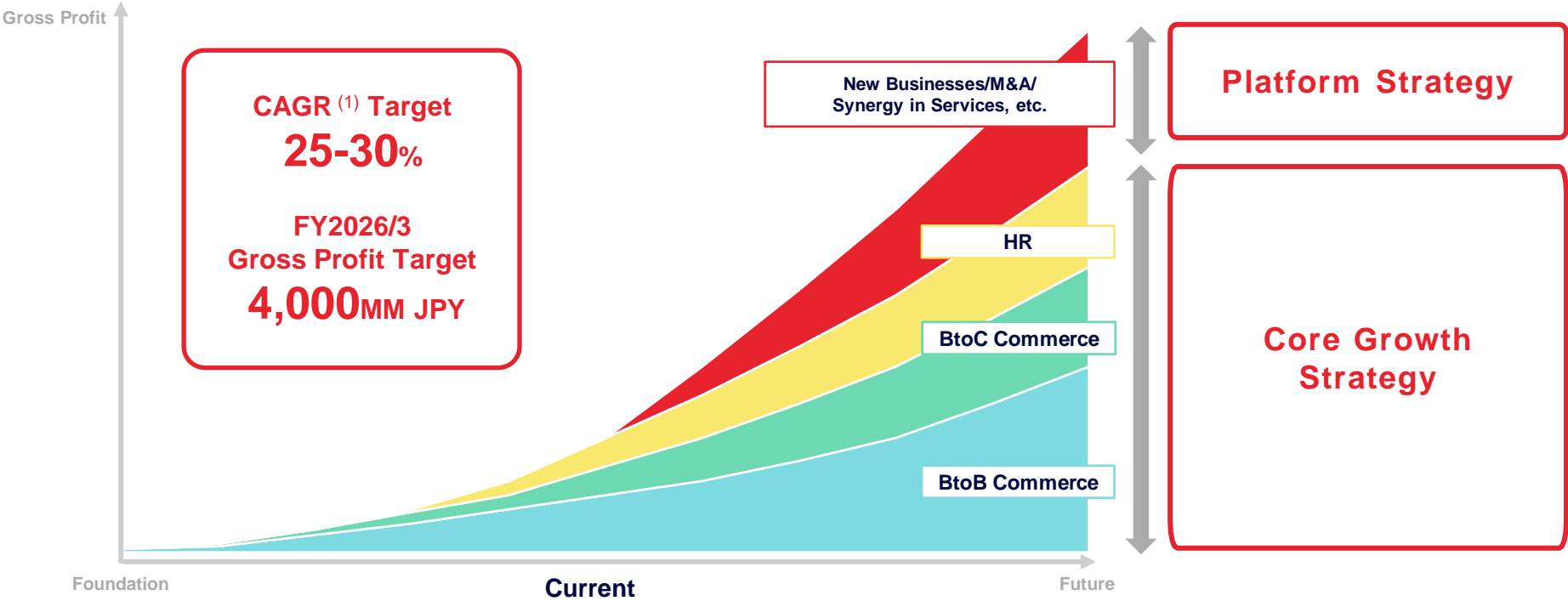
We intend to expand the scope of our platform in the long term by building distribution and support functions





# Mid 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

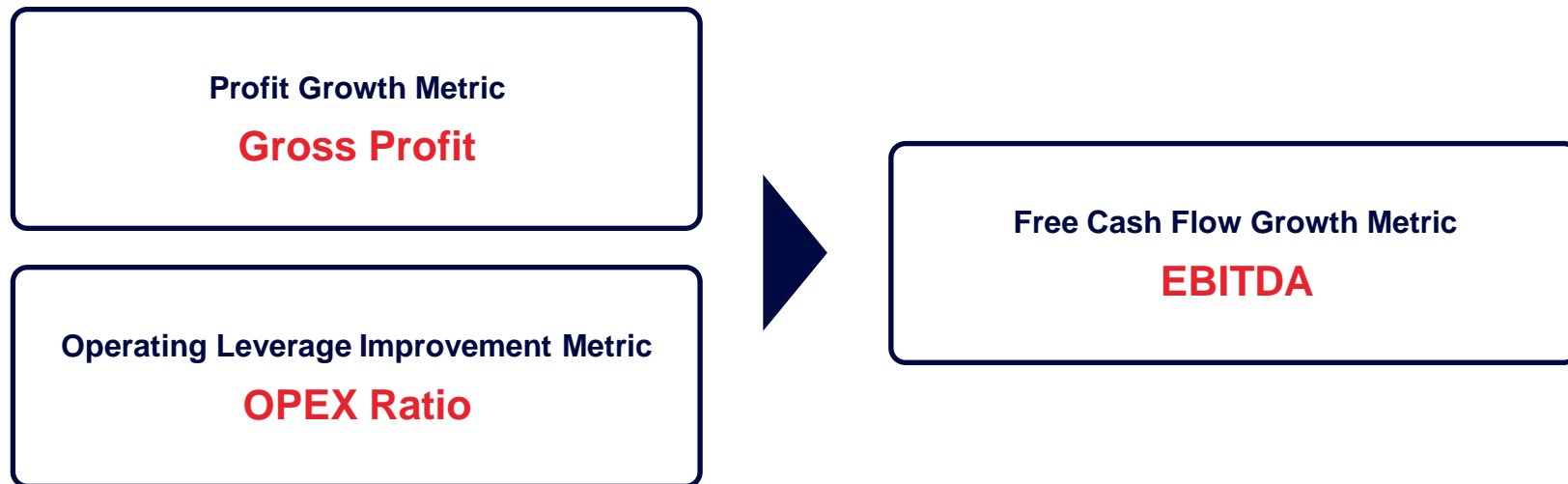


(1) CAGR = Compound Annual Growth Rate

# Approach to Mid 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 <sup>(1)</sup> ratio

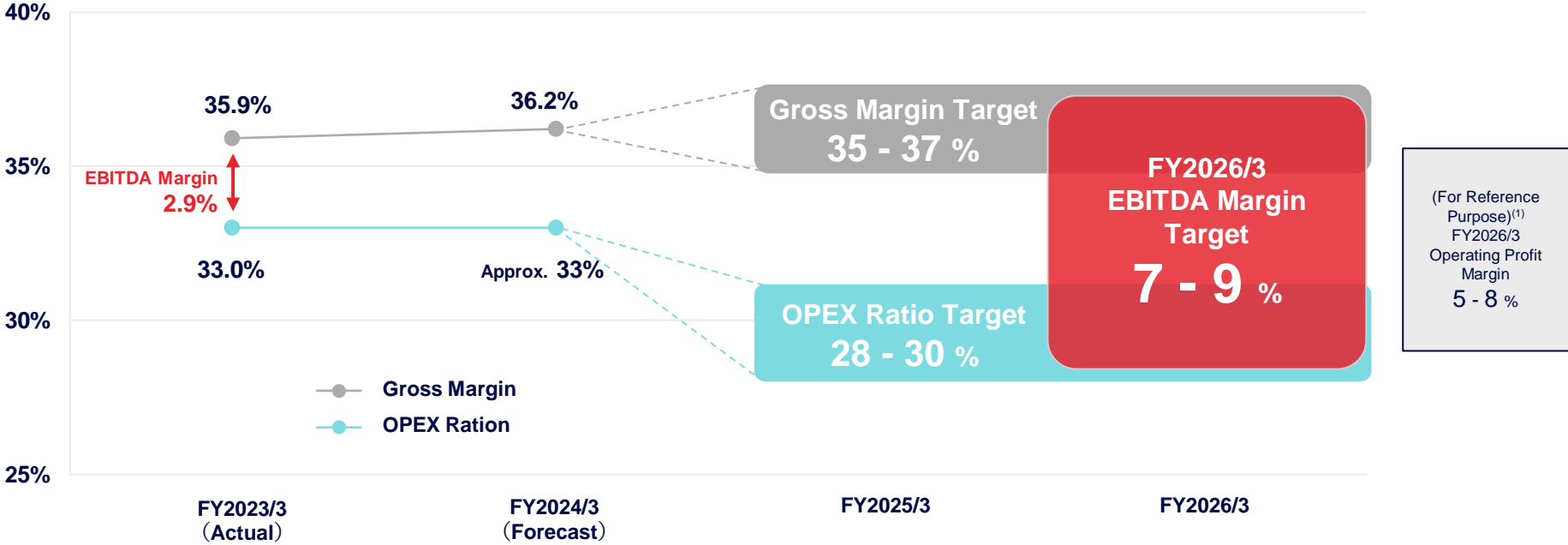
## 3 Financial KPIs to Maximize Free Cash Flow



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

# Mid-term Revenue Structure Image

In FY2024/3, the OPEX ratio is expected to remain the same as the previous year due to the expansion of the FFC. However, from FY2025/3, the OPEX ratio is expected to improve again and the profit margin is expected to increase



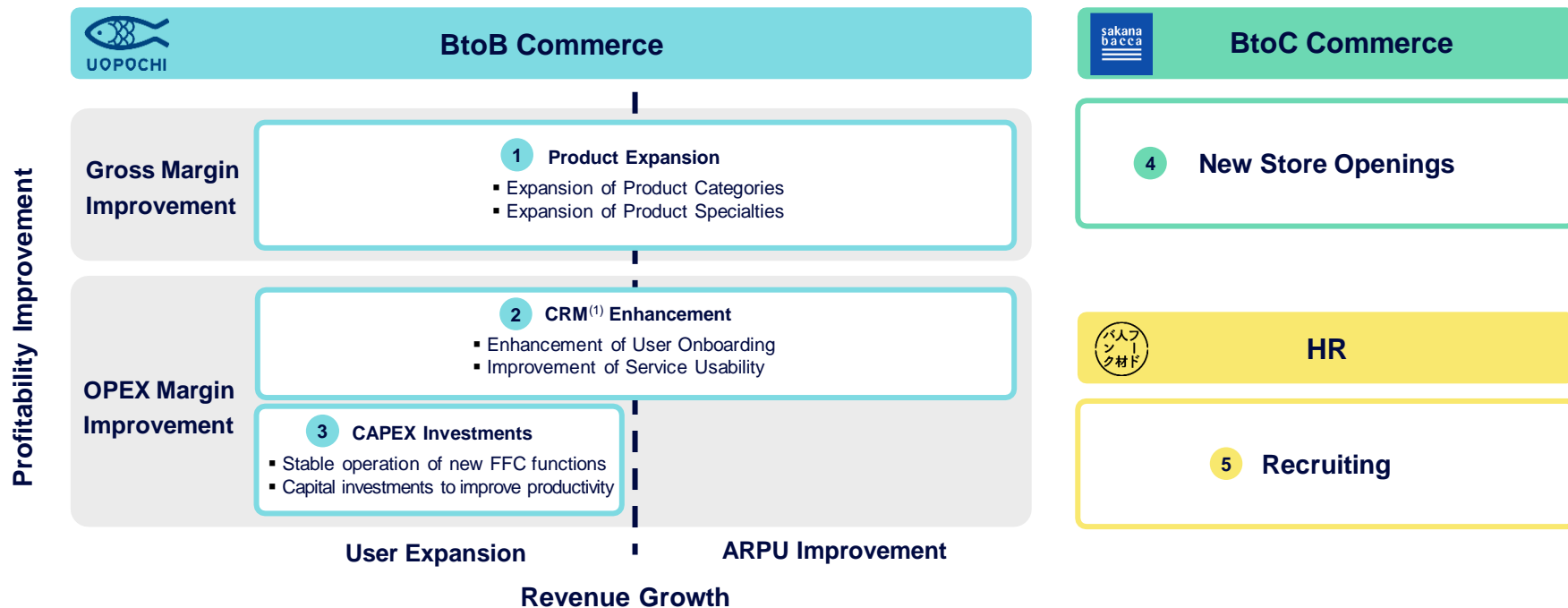
(1) Since EBITDA is our Financial KPI, EBITDA margin is an associated indicator and Operating Profit margin is shown for reference purpose only

GROWTH STRATEGY

# Core Growth Strategy

# 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

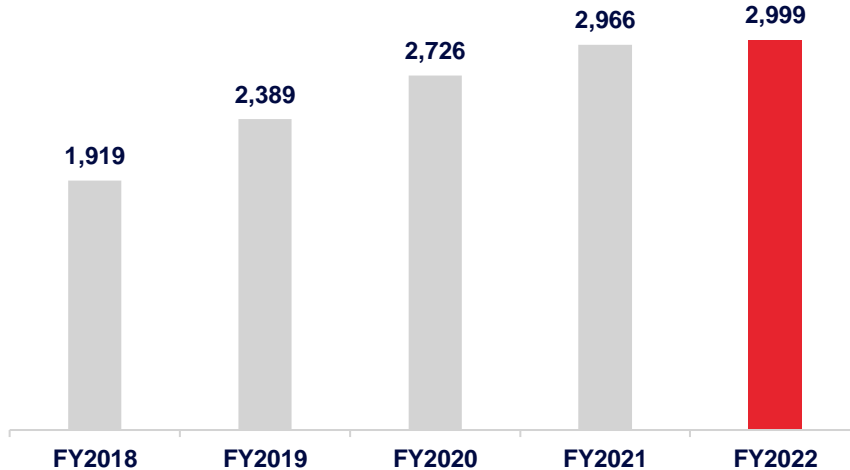
# Core Growth Strategy | ① Product Expansion

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<sup>(1)</sup> on the website

(SKUs)



(1) SKU(Stock Keeping Unit)

## Tactics

### Expansion of Product Categories

#### BtoB Commerce Sales Composition Ratio<sup>(2)</sup>



### Expansion of Product Specialties

#### Product Specialties Required for Restaurants

- Simplicity of cooking
- Originality
- Stability

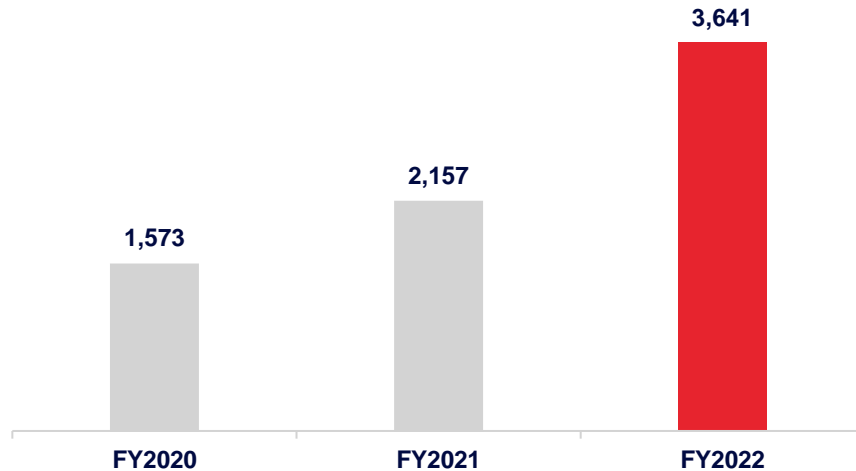
# Core Growth Strategy | ② CRM Enhancement

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

## Actual

### Existing Cohort Revenue

(MM JPY)

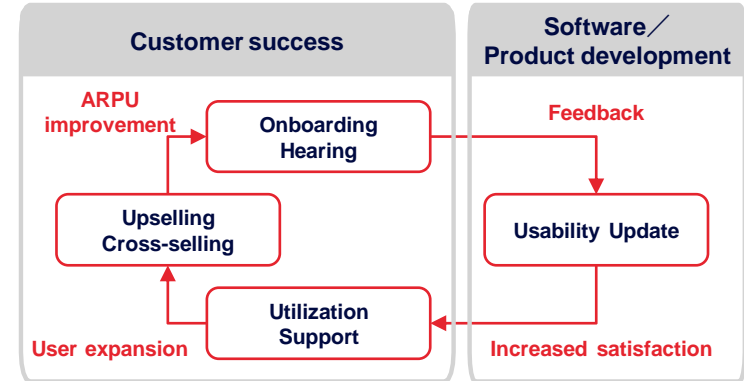


## Tactics

Enhancement of User Onboarding

Improvement of Service Usability

### Existing Cohort Sales Improvement Cycle



# Core Growth Strategy | ③ CAPEX Investments

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

## Actual

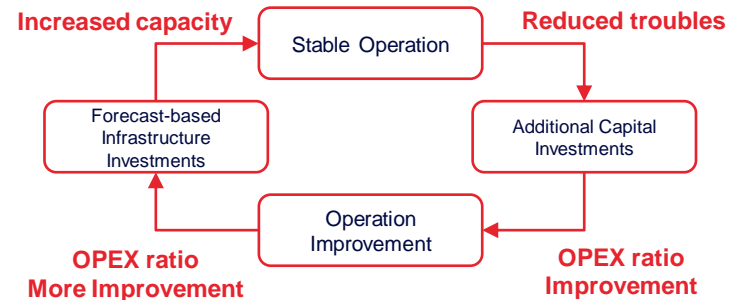
- 2014 Establishment of FFC function in the Tsukiji Market
- 2016 Opened FFC function in the Ota Market and started operation in two bases Tsukiji and Ota
- 2018 With the relocation to the Toyosu Market from Tsukiji, the FFC function was opened in the Toyosu Market, and started operation in two bases 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 will be expanded outside the Ota market and two bases will be put into operation**

## Tactics

**Stable Operation of New FFC Functions**

**Capital Investments to Improve Productivity**

### Infrastructure Investment Plan and Improvement Cycle





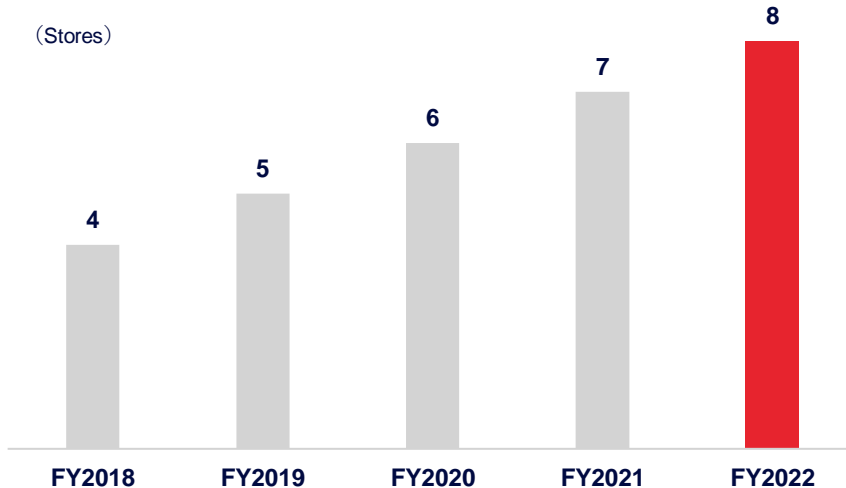
# Core Growth Strategy | ④ New store openings

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

## Actual

### Number of Stores<sup>(1)</sup>

(Stores)



(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 <sup>(2)</sup>
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

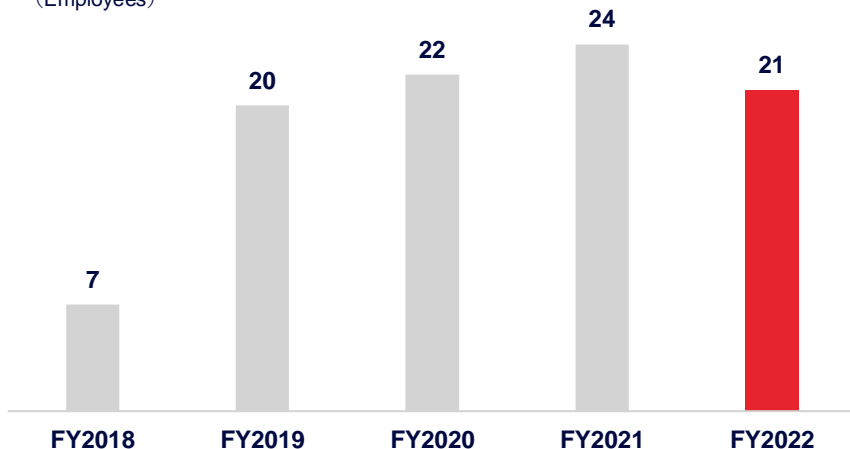
# Core Growth Strategy | ⑤ Recruiting

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

## Actual

### HR Services Number of Employees<sup>(1)</sup>

(Employees)



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

## Tactics

**Continuous recruitment**

### Hiring Strategy

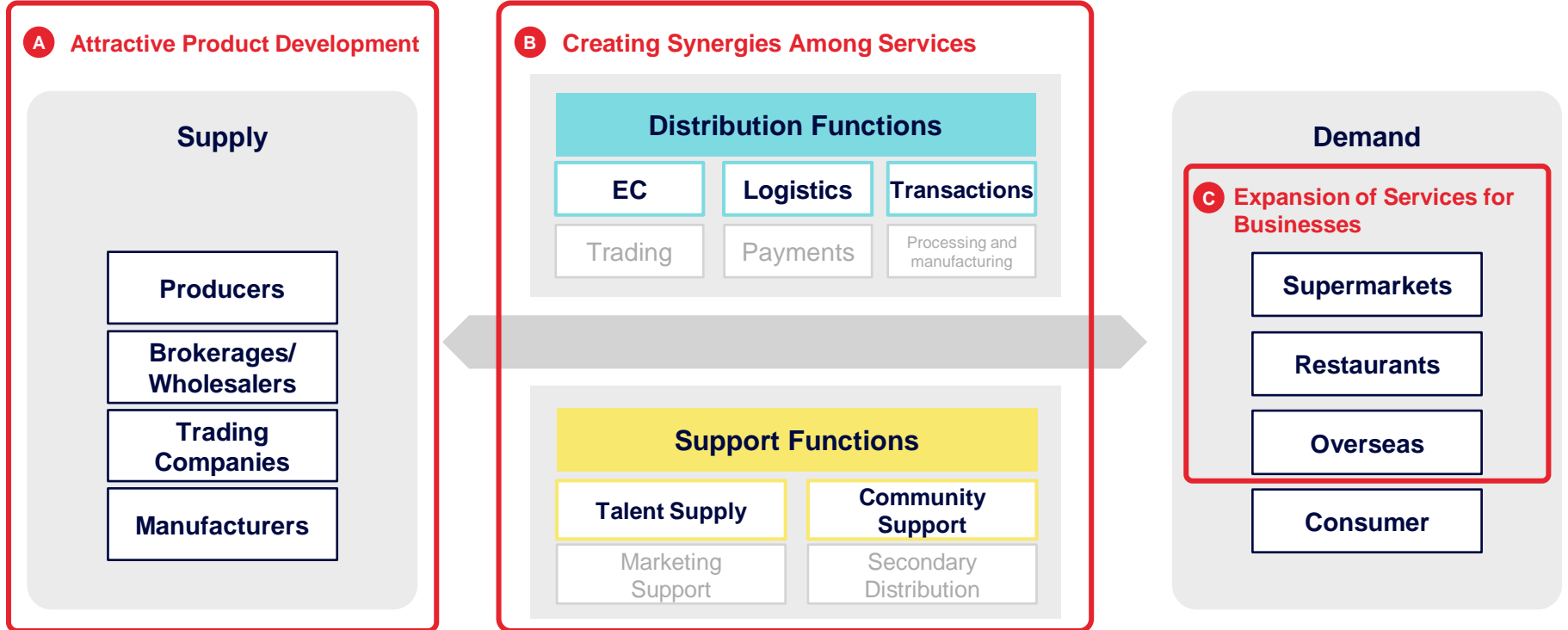
- Proactive recruitment and promotions
- Creating an attractive work environment
- New graduate recruitment

GROWTH STRATEGY

# Platform Strategy

# Platform Strategy

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



## Platform Strategy | ① 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



Original Beer  
『SAKANA TO ALE』



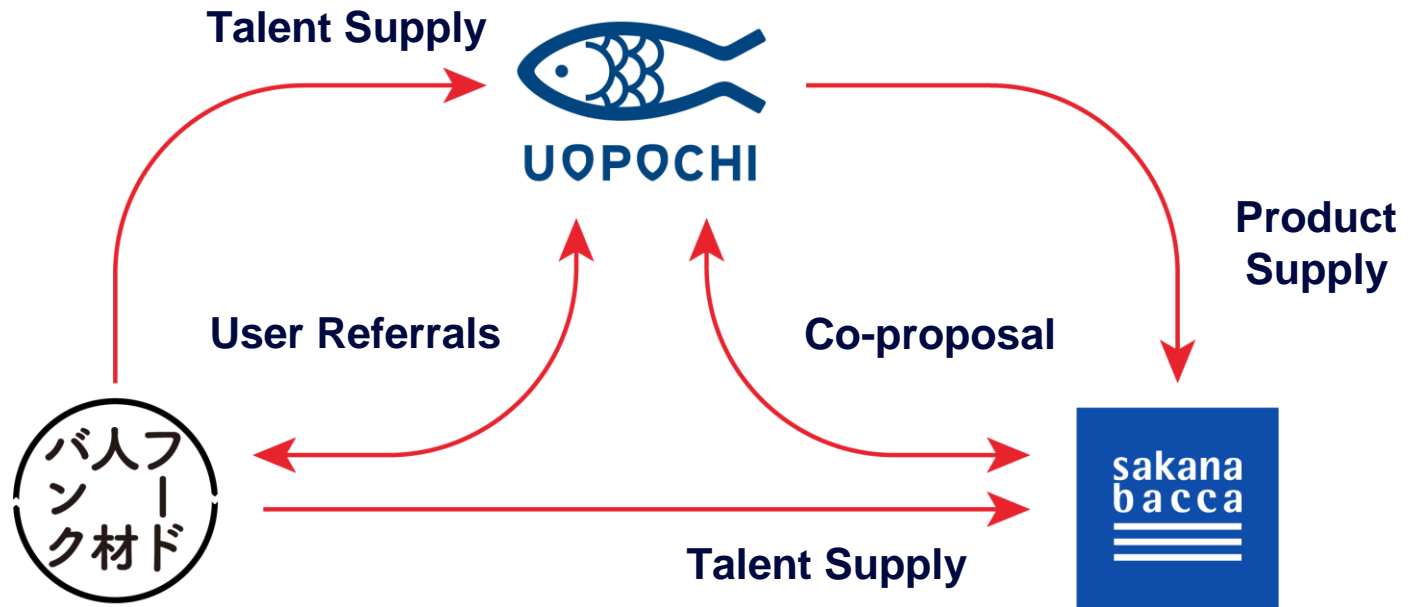
Whitebait Snack  
『PARI PARY』



Collaboration with  
a legacy seaweed manufacturer  
『Shinise Denso Ariake Nori』

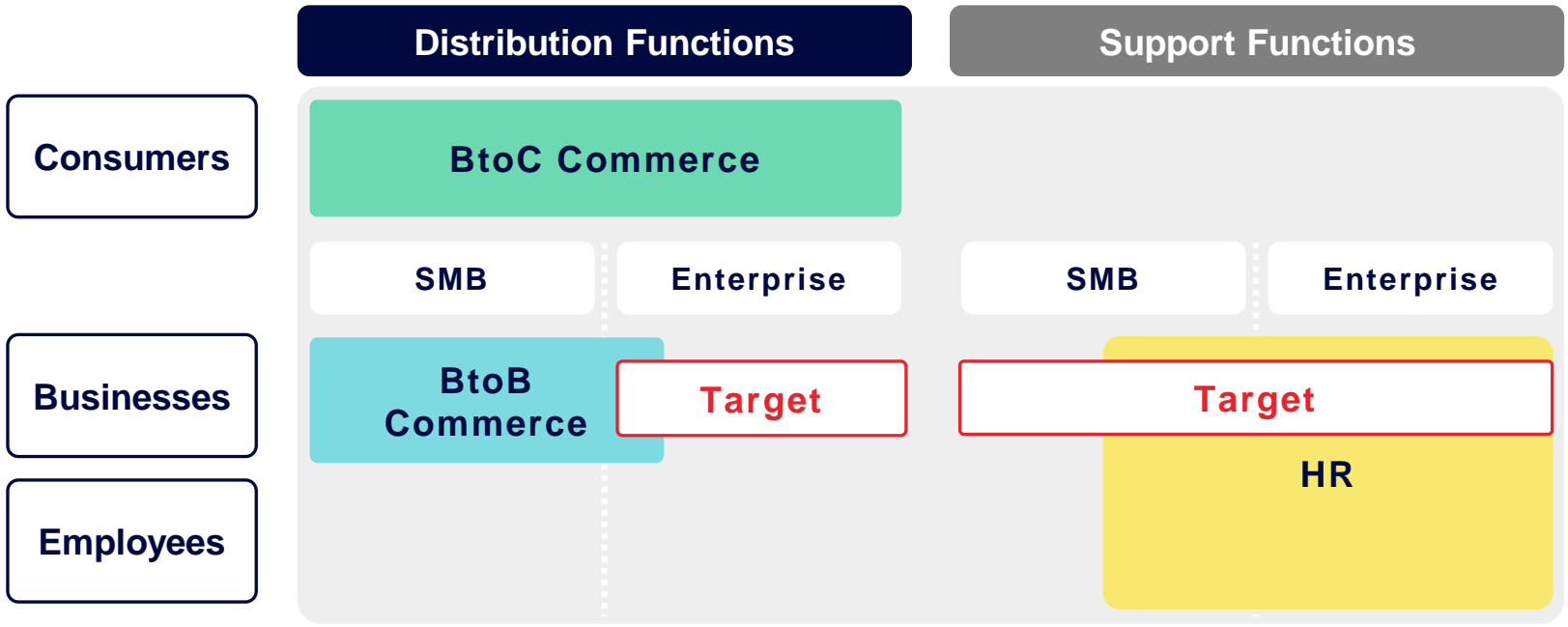
## Platform Strategy | ② Creating Synergies Among Services

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



# FY2023 Forecast



## FY2022 Full-Year Actual vs Forecast

- Revenue, operating profit, and recurring profit are slightly above the forecast
- Net income has exceeded forecast due to the inclusion of a corporate tax adjustment of +16MM JPY

	Full Year	Forecast (Disclosed 2/13/23)	Actual vs Forecast	Reasons for Change
	(MM JPY) Actual	Forecast	Change %	
<b>Revenue</b>	<b>5,279</b>	5,200	+1.5%	Active Users and ARPU in BtoB Commerce have exceeded projections
<b>Operating Profit</b>	<b>136</b>	130	+4.6%	-
<b>Ordinary Profit</b>	<b>139</b>	130	+6.9%	-
<b>Net Income</b>	<b>100</b>	78	+28.2%	Corporate tax adjustment was recorded for anticipated deferred tax assets

# FY2023 Forecast

- In the fiscal year ending March 2024 (FY2023), we forecast revenue of 6.5 Bn JPY, gross profit of 2.37 Bn JPY, and operating profit of 167 MM JPY
- New FFC Establishment, scheduled to open in Aug '23, will include a transaction to receive assets resulting in an extraordinary income of 41 MM JPY

	FY2022	FY2023		
	Actual	Forecast	Y/Y Change	Y/Y (%)
(MM JPY)				
<b>Revenue</b>	<b>5,279</b>	<b>6,541</b>	+1,262	+23.9%
<b>Gross Profit</b>	<b>1,895</b>	<b>2,370</b>	+474	+25.0%
Gross Profit Margin	35.9%	36.2%	+0.3pts	-
<b>Operating Profit</b>	<b>136</b>	<b>164</b>	+28	+20.1%
Operating Profit Margin	2.6%	2.5%	-0.1pts	-
<b>Ordinary Profit</b>	<b>139</b>	<b>167</b>	+28	+19.8%
<b>Net Income</b>	<b>100</b>	<b>172</b>	+72	+72.0%

# Results Explanation for FY2022 and Key Assumptions for FY2023

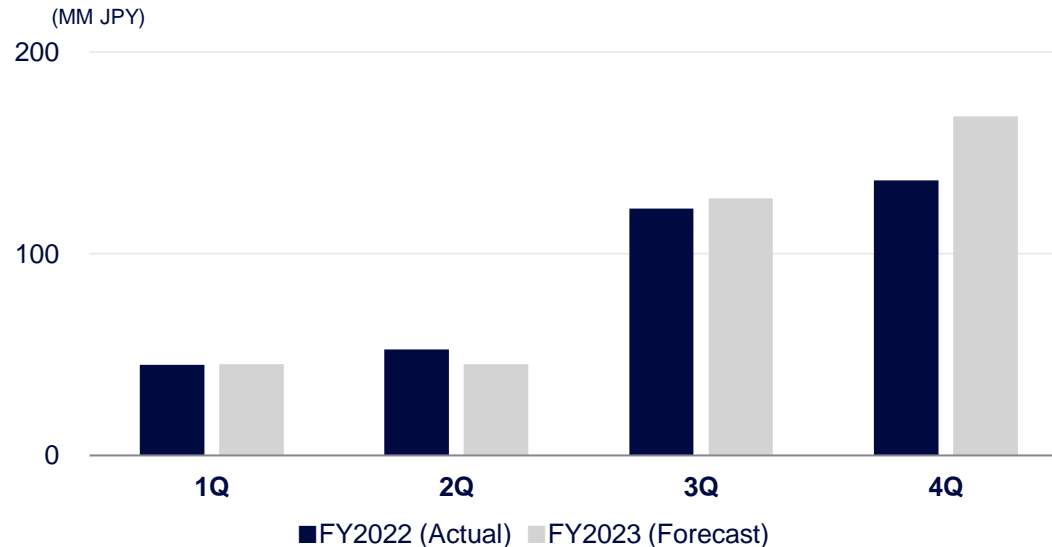
- Operating profit margin remains flat due to an increase in fixed costs associated with New FFC Establishment
- In order to accelerate long-term growth, we plan an increase in advertising expenses and recruitment expenses
- Growth rate in HR was limited in FY22 due to delays in hiring plans, but FY23 is expected to grow constantly, which is expected to improve gross profit margin by +0.3pts

	FY2022		FY2023	
	Actual (MM JPY) (Y/Y)	Explanation	Forecast (Y/Y)	Explanation
Revenue	<b>5,279</b> (+46.9%)	(+) BtoB Commerce growth +1.5 Bn JPY	<b>6,541</b> (+23.9%)	(+) BtoB Commerce growth +1 Bn JPY
Operating Profit	<b>136</b> (-)	(+) Advertising expenditure -0.2pts (-) Increase in taxes due to capital increase 20MM JPY	<b>164</b> (+20.1%)	(+) Increased labor cost efficiency (-) Advertising expenditure +0.2pts (-) Increase in recruitment and education costs (-) FFC Opening and operating expenses (-) Increase in depreciation
Others	—	(-) Non-operating expenses IPO-related expenses 14MM JPY (+) Adjustment of corporate tax, etc. 16MM JPY	—	(+) Extraordinary profit: Transfer of assets at the time of establishment of FFC 41 million yen
Market Environment			<b>Assuming that the pandemic will subside and stable demand can be expected</b>	

# FY2023 Operating Profit Progress Figure

- In Q2, the contribution to earnings is expected to be small due to an increase in expenses associated with New FFC Establishment
- The contribution to profits is expected to be large as usual in Q3
- In Q4, the contribution was low in FY22 due to the recording of advertising and testing costs, but the contribution is expected to be higher in FY23

**Figure of Cumulative Progress in Quarterly Operating Profit**



# Effects of the New FFC Establishment

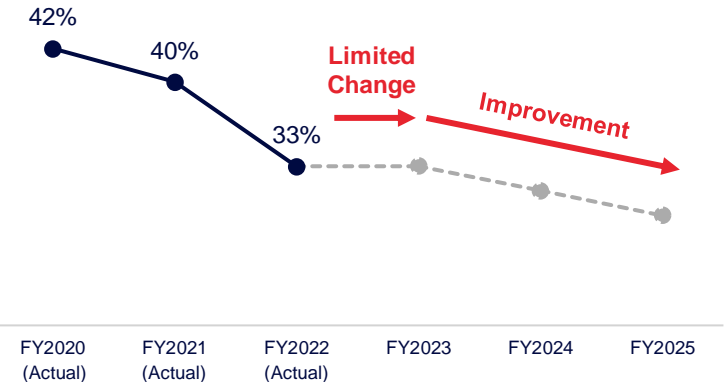
- As for functional effects, the number of SKUs is expected to increase due to the consolidation of decentralized warehouse functions, and the increase in space is expected to contribute to improving productivity and ARPU in the long term
- As for the P/L effects, the OPEX ratio will have limited change in FY23, but expected to improve again from FY24
- Given that the existing FFC function will remain, the risk in the event of a malfunction of the new FFC can be hedged

## Functional Effects

	Inventory Features	Shipping Features
Ability	More than 300% vs Current	More than 200% vs Current
Effect	<ul style="list-style-type: none"> <li>Inventory consolidation</li> <li>Increased availability of SKUs</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate shipping capacity concerns</li> </ul>

## P/L Effects

### OPEX Ratio Trending Image



# Usage Status of Fundings Raised through Listing

- Strong performance in FY2023/3 led to an early allocation of funds compared to the plan at the time of listing
- There are no plans to change the use of funds as initially planned

(MM JPY)

Use of Funds	Total Funding	Plan at Listing FY2023/3	Actual FY2023/3
FFC Expansion Expense	120	0	0
New Store Opening Expense of sakana bacca	60	0	0
Marketing Expense	158	5	20
Recruiting and Employment Expense	605	10	40
Debt Repayment	347	80	93
Working Capital Increase	135	50	94
<b>Total</b>	<b>1,425</b>	<b>145</b>	<b>248</b>

# Investment Policy

We aim to achieve sustainable improvement in profit margins and maximize long-term free cash flow with a disciplined investment policy

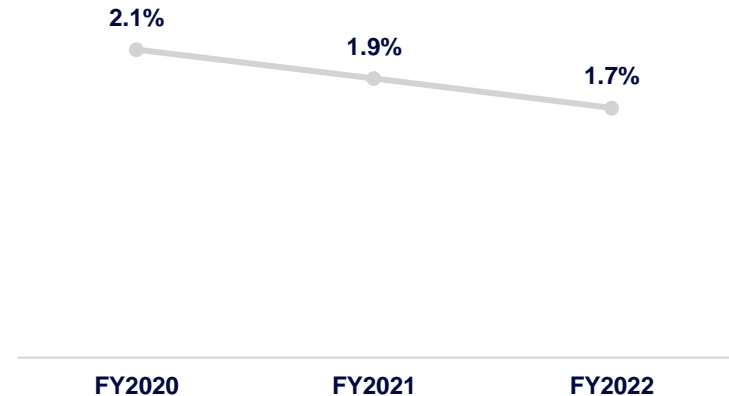
## Marketing Investment Policy

- 1 | In principle, the Advertising / Sales Ratio will continue to be at the same level as in the past
- 2 | Assessing the web marketing market conditions

## Capital Investment Policy

- 1 | Upfront investment sufficient for service growth
- 2 | Investments expected to improve OPEX ratios

## Advertising / Sales Ratio





**4**

**SUSTAINABILITY**



# We have been 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
- 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

- Sustainability Committee
- Promoting DEI<sup>(1)</sup>

(1) DEI stands for Diversity, Equity, and Inclusion, and is based on the idea that maximizing the diverse individuality of each employee in corporate management will lead to higher value creation for the company.



Conoshiro-smoke



Reused Styrofoam box

Product Development using Underutilized Fish / Reuse of Styrofoam Boxes

# Environment

ESG



Fukushima



Work Experience

**Social**

Supporting the Reconstruction of Fukushima / Efforts to Popularize Fish Consumption

## Increase the Number of Independent Directors of the Board of Directors<sup>(1)</sup>

- Increase the number of independent outside directors by one from FY23 and make half of the Board of Directors independent directors to create a more governing system

## Establishment of the Sustainability Committee

- Establishment of the Sustainability Committee as an organization under the direct control of the Board of Directors
- Discuss company-wide DEI matters and formulate policies

(1) After approval at the 10th Ordinary General Meeting of Shareholders



**5**

**RISK FACTORS**

# Risk Factors and Countermeasures

We have described matters that we consider to be potential risks in our business operations. Please refer to the "Business Risks" section in the Securities Report for other risks. Please note that statements regarding future prospects in this document are based on our current judgment and do not cover all risks that may occur in the future. Additionally, we have also described matters that are outside of our control and may not necessarily be risk factors.

Category	Contents of Risk	Possibility of Occurrence	Degree of Impact	Timing of Occurrence	Countermeasure
Business Environment	Risk of food e-commerce market growth not progressing as expected	Moderate	High	Long	If such an event occurs, we will promptly take measures and respond.
Business	Risk related to the safety of food	Low	High	Medium	Enhancing HACCP and hygiene management systems based on laws and regulations
Business	Risk of system failure	Low	High	Medium	Strengthening system development and management systems
Business	Risk related to the seasonality of performance	Moderate	Mediocre	Medium	Planning based on seasonal factors
Business	Risk related to the new FFC establishment	Low	Mediocre	Short	Careful preparation and parallel operation with existing FFC
Business	Risk related to handling of personal information	Low	Mediocre	Short	Maintaining personal information protection system based on PMS
Business	Risk of business operations permission being revoked	Low	High	Short	Strengthening compliance system and enhancing relationships with industry stakeholders
Management/Organization	Risk of securing and developing talented human resources not progressing as planned	Moderate	High	Medium	Actively recruiting and developing personnel.

- (1) HACCP(Hazard Analysis and Critical Control Points) is a hygiene management method in which food and other business operators themselves grasp the hazards such as food poisoning bacteria contamination and foreign matter mixing, and manage the particularly important processes in order to remove or reduce those hazards from the raw materials receiving to the product shipment, in all processes, aiming to secure the safety of products.
- (2) PMS means "Personal Information Protection Management System" and is a mechanism for safely managing "personal information".

# APPENDIX

# Board of Directors

## Representative Director and CEO

### Tohru Yamamoto

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- 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

## Board of Director

### Itaru Tanimura

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- 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

## Board of Director and CFO

### Naoki Naito

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- 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

## Board of Director

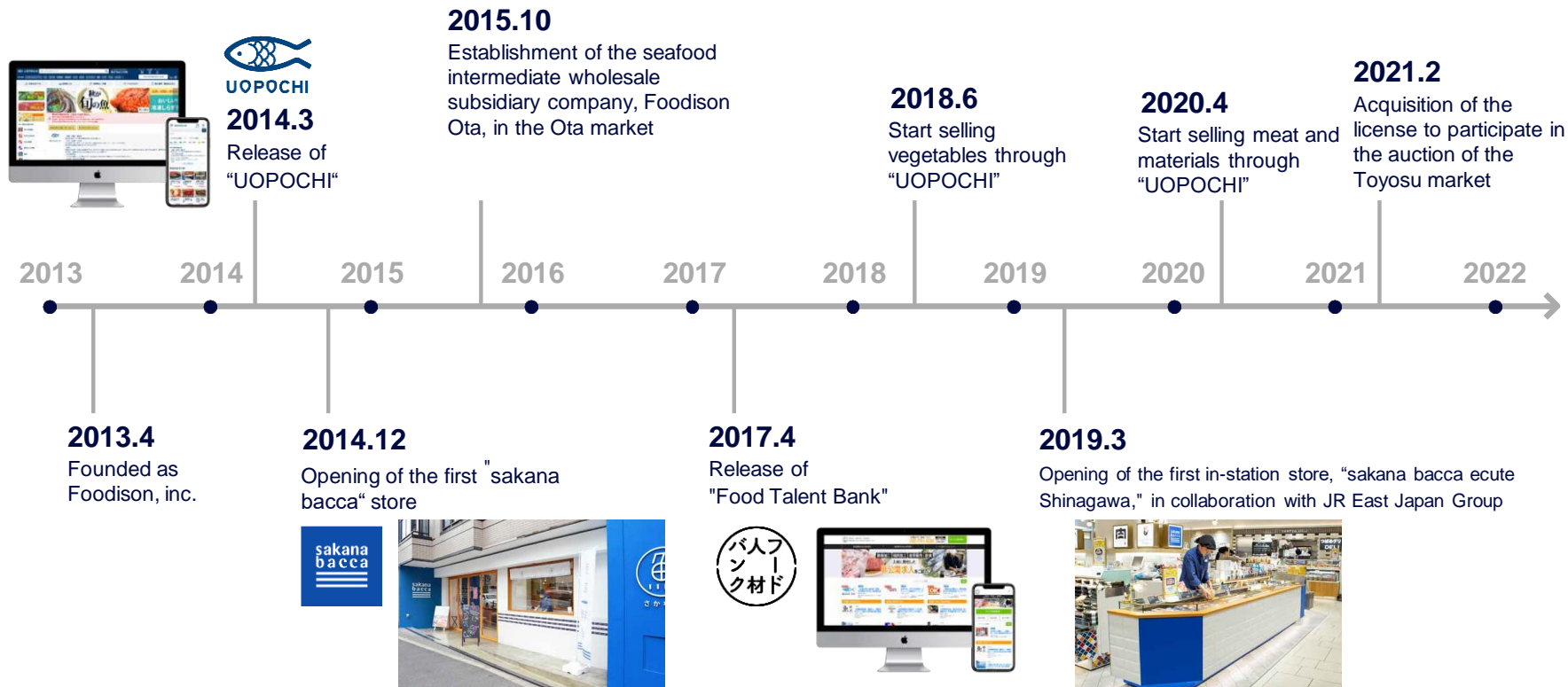
### Hideaki Fukutake

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- After working at KEYENCE Co., Ltd., as a business manager and new business development at SMS Co., Ltd., he served as an outside director of Benesse Holdings, Inc. in 2014, and was appointed as a non-executive director of Benesse Holdings Co., Ltd. in 2021 .
- An independent director of Foodison since 2015



# Corporate History



# Quarterly Performance Trends

	FY2020				FY2021				FY2022			
	(MM JPY)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Revenue</b>	544	726	974	709	723	725	1,241	902	1,205	1,155	1,533	1,385
BtoB Commerce	298	480	679	410	433	445	933	610	873	863	1,163	1,075
BtoC Commerce	175	175	190	183	190	208	219	197	228	203	275	233
HR	71	71	90	79	96	71	88	86	102	89	93	75
<b>Gross Profit</b>	230	276	376	297	304	286	455	349	455	425	541	474
<b>EBITDA</b>	-51	-31	32	-22	-38	-67	73	0	49	12	74	18
<b>Operating Profit</b>	-52	-34	29	-25	-40	-70	70	-2	44	7	69	14
<b>Revenue Growth Rate</b>	-	-	-	-	32.7%	-0.3%	27.4%	27.0%	66.8%	59.3%	23.5%	53.5%

# Disclaimer

This document refers to the industry trends and business contents and the future prospects based on the current schedule, estimates, prospects or forecasts related to Foodison, Inc (“Foodison”).

There are various risks and uncertainties inherent in these forward-looking statements. Risks, uncertainties and other factors that are already known or yet unknown may cause results that differ from what is contained in the forward-looking statements.

Foodison’s actual future business contents and business results may differ from the future which is described in this document.

Foodison’s statements regarding future prospect in this material are made by the company based on available information, and even if there is new information, future events, etc. in the future, this material will contain information.

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The next business plan and growth potential materials will be released in June 2024.

**FOODiSON**