



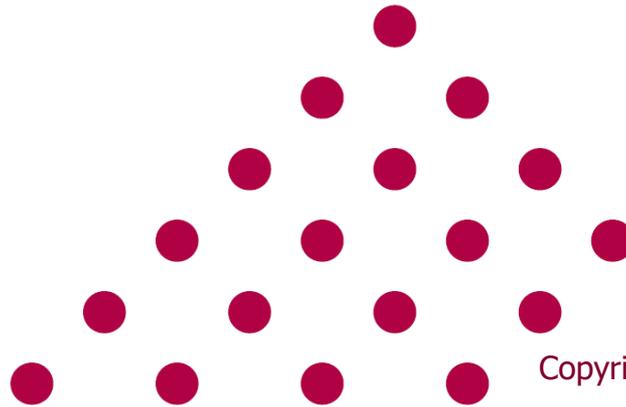
Financial Results Briefing for FY2018

(Period April 1, 2018 – March 31, 2019)

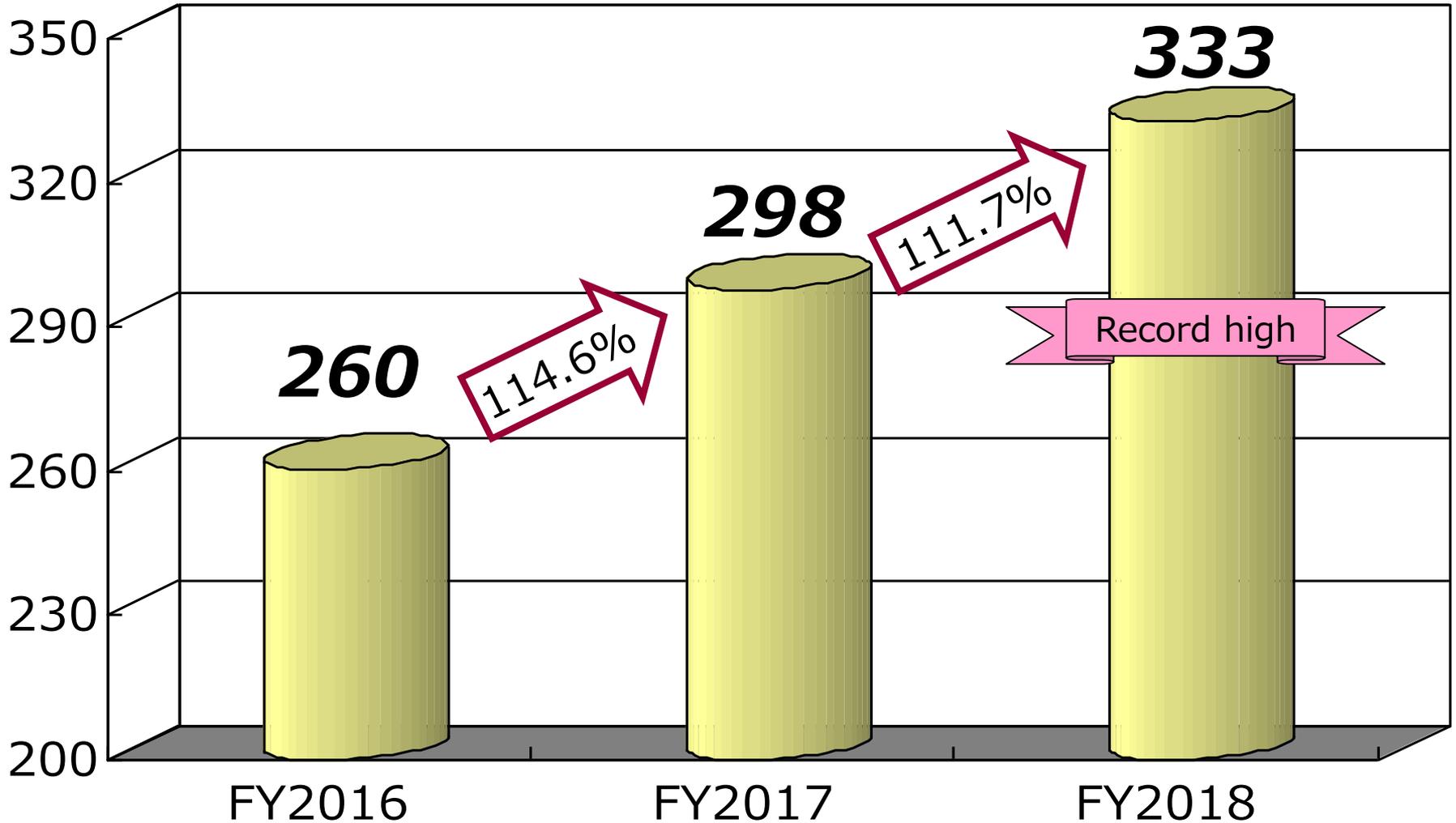
<https://www.daiohs.com>

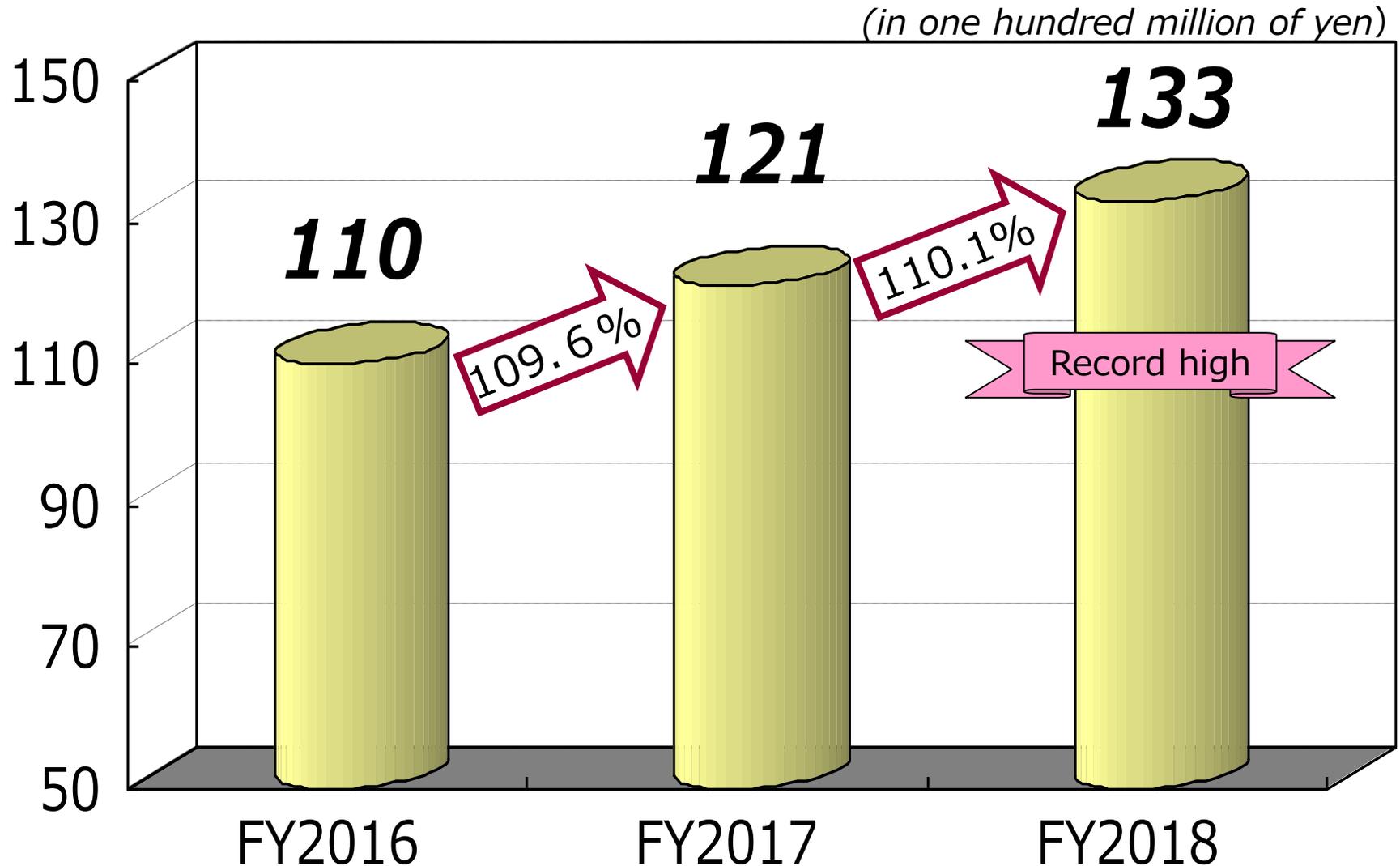
The Securities Analysts Association of Japan

May 23, 2019



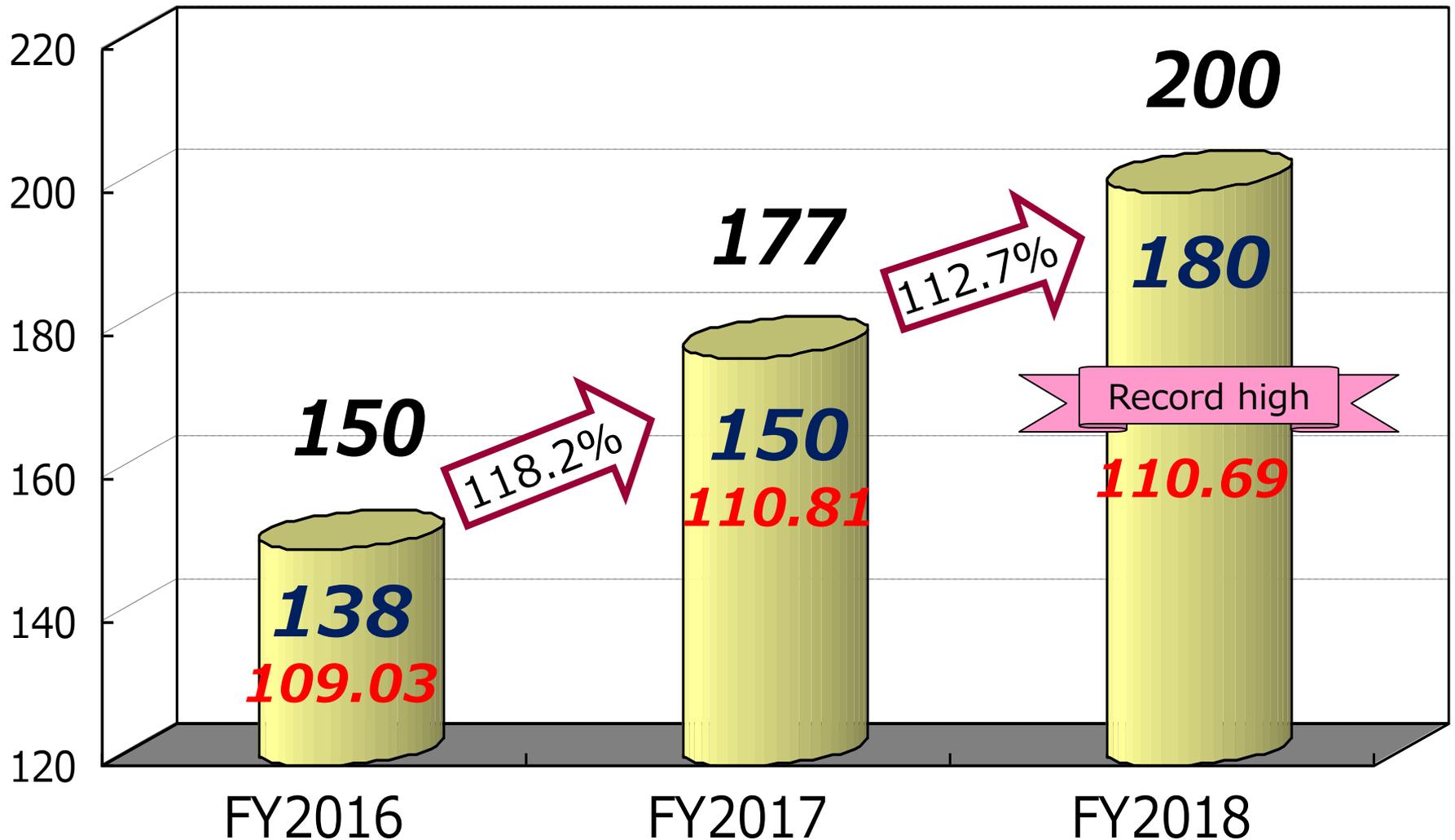
Average exchange rate in FY2018 \$1=JPY110.69 (in one hundred million of yen)





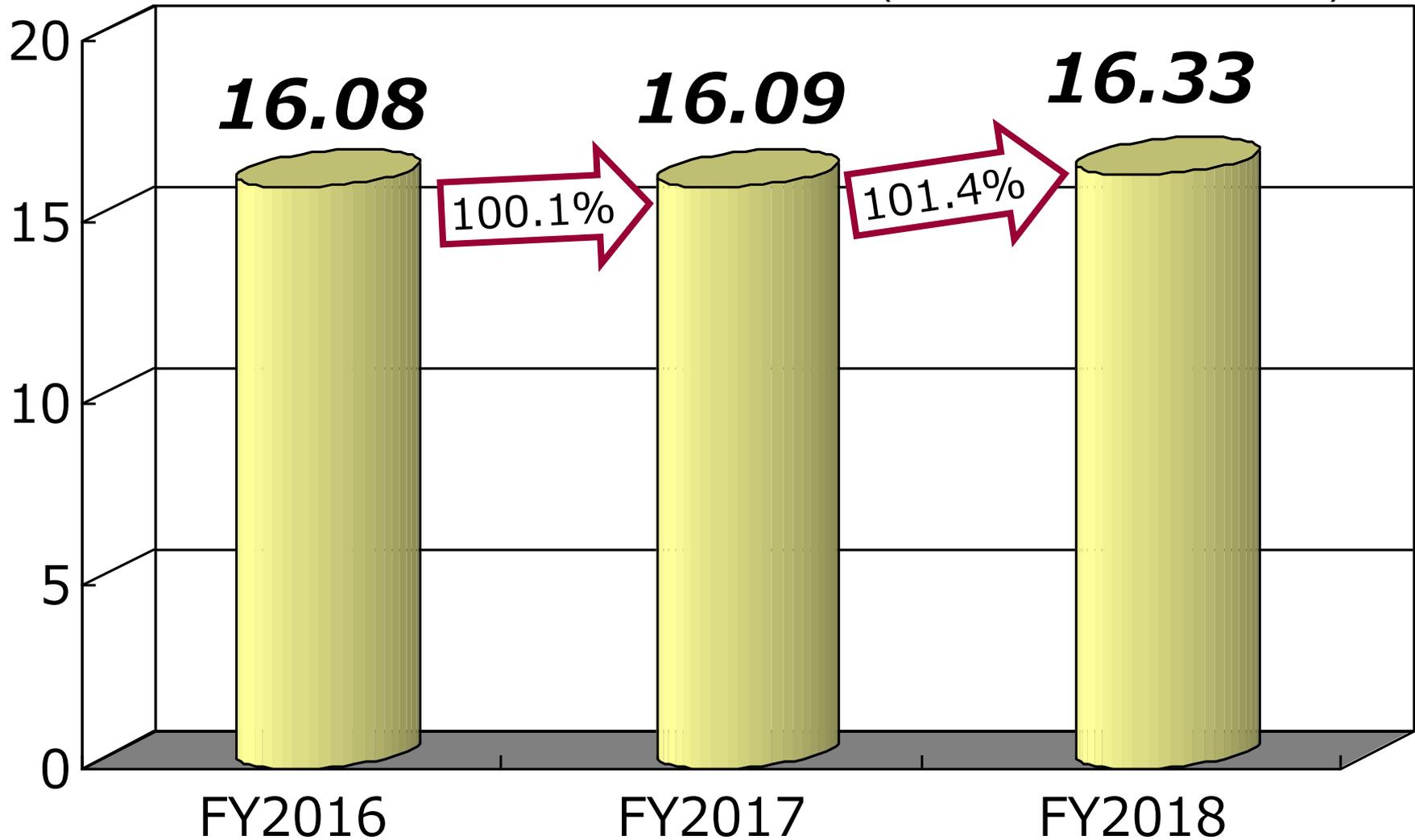
Exchange rate in red

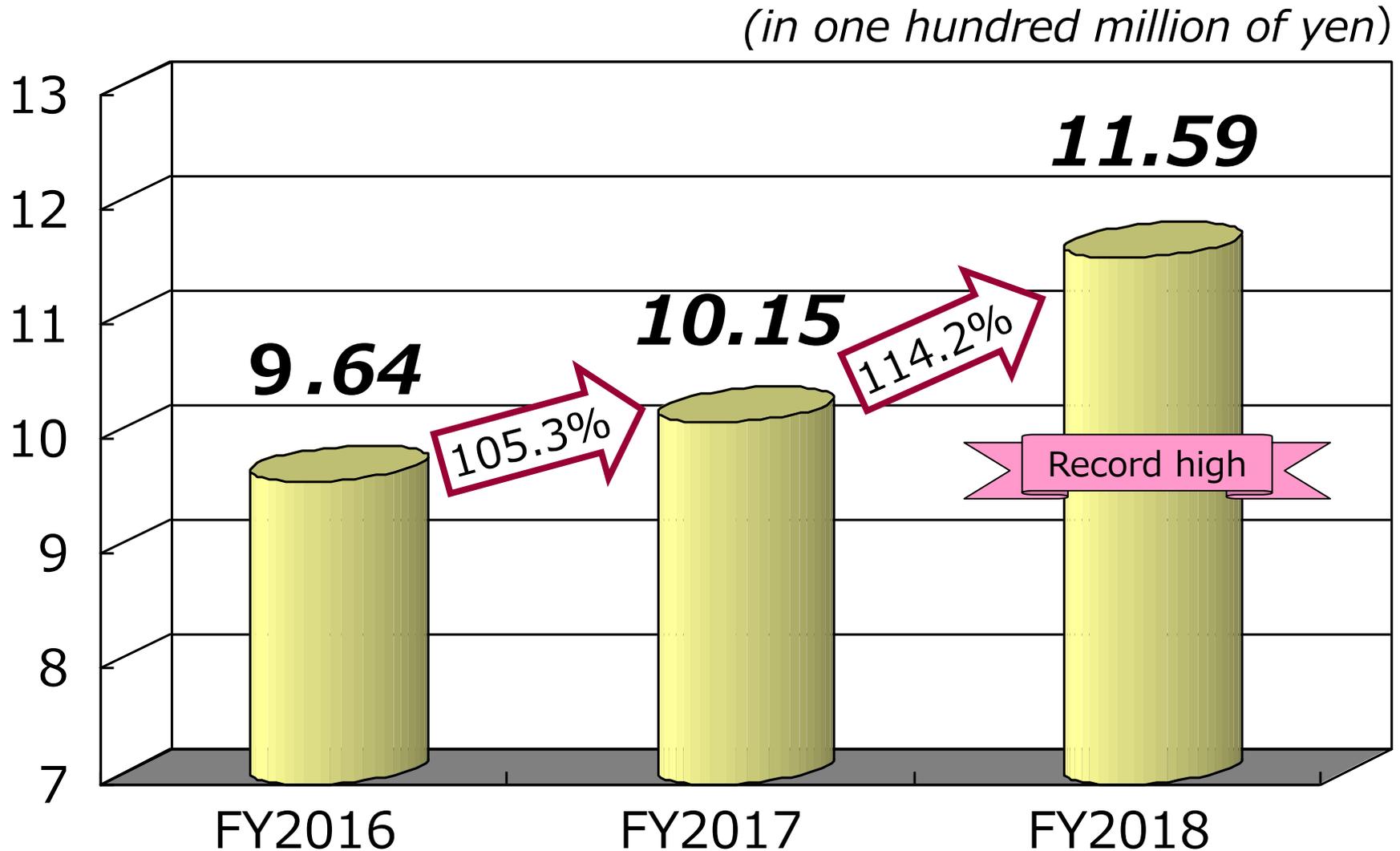
(in one hundred million of yen/*million of USD*)



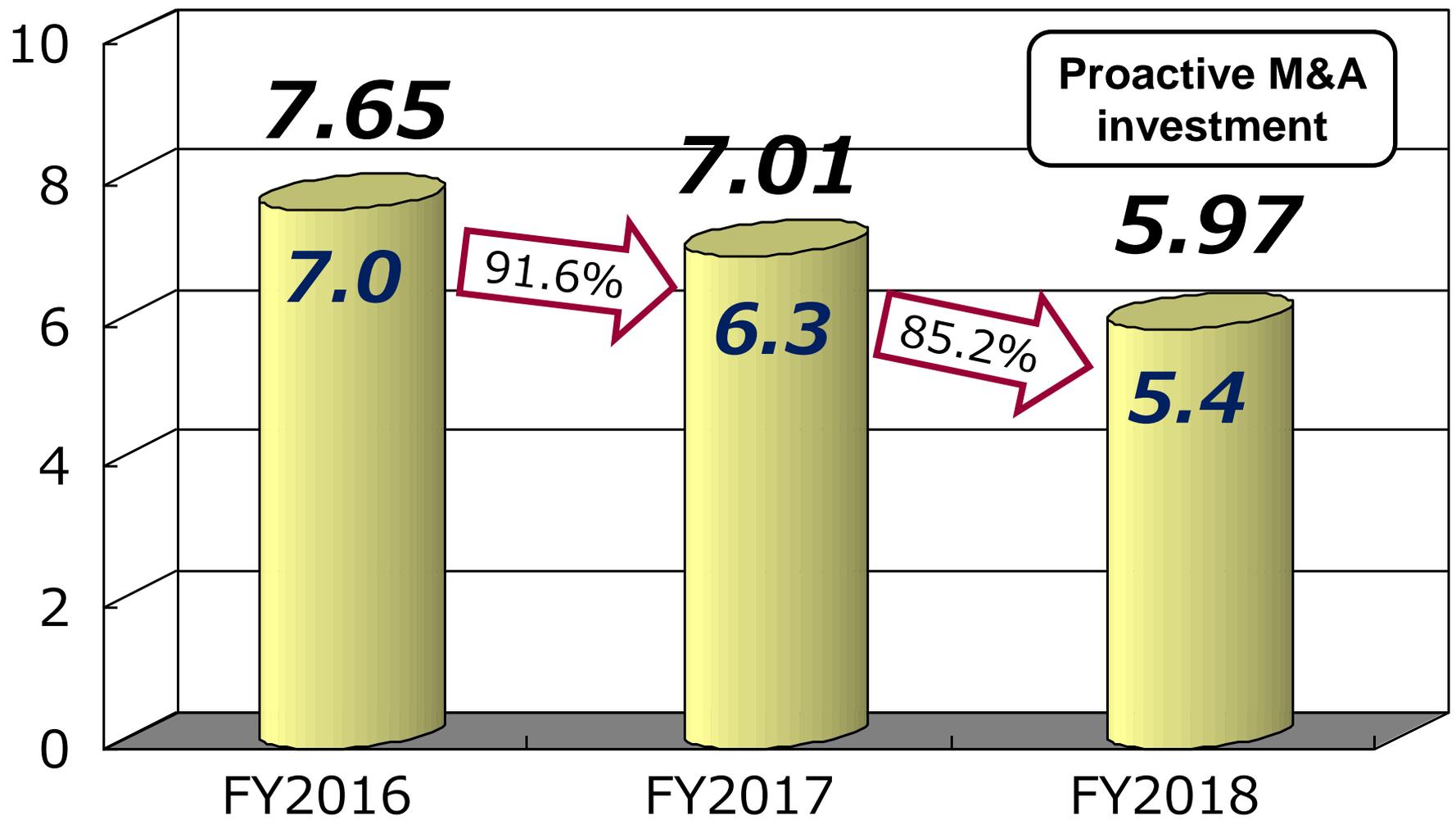
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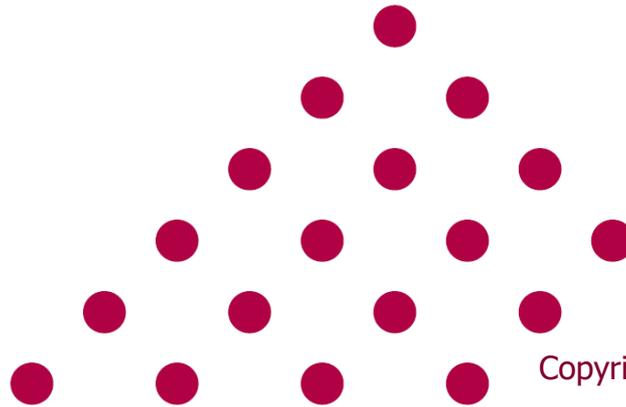
(in one hundred million of yen/*million of USD*)





Results and Topics for FY2018

<https://www.daiohs.com>



- The number of customers hits a record high at the end of the fiscal year.
- Revenue has increased for the eight consecutive terms. It has achieved "record high sales" for six consecutive terms.



- Expand our own distribution network and review locations of distribution centers.
- Introduce new coffee machines for large-volume users.



- Blue Tiger Coffee acquired in June 2017 offers enhanced services, and its OCS * business has penetrated mainly in the western US, increasing sales and number of locations.
- ※ OCS stands for Office Coffee Service.



- Aggressively expanded to new markets in the previous year

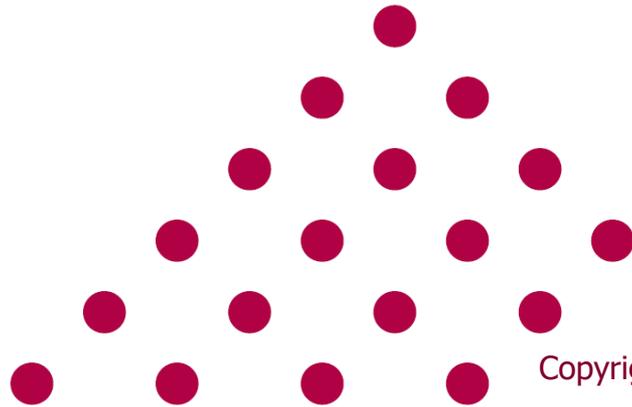
May	Manchester, New Hampshire	M & A
August	Tulsa, Oklahoma	M & A
August	Baltimore Northern District, Maryland	M & A
August	Kansas City, Missouri	No M&A
October	Hudson Valley, New York	M & A
December	Boston, Massachusetts	M & A
January	Hartford, Connecticut	M & A
February	*[Canada] Edmonton, Alberta	M & A

*The business in Canada is currently not consolidated due to its minor impact to the results.



Forecast and Strategic Priorities for FY2019

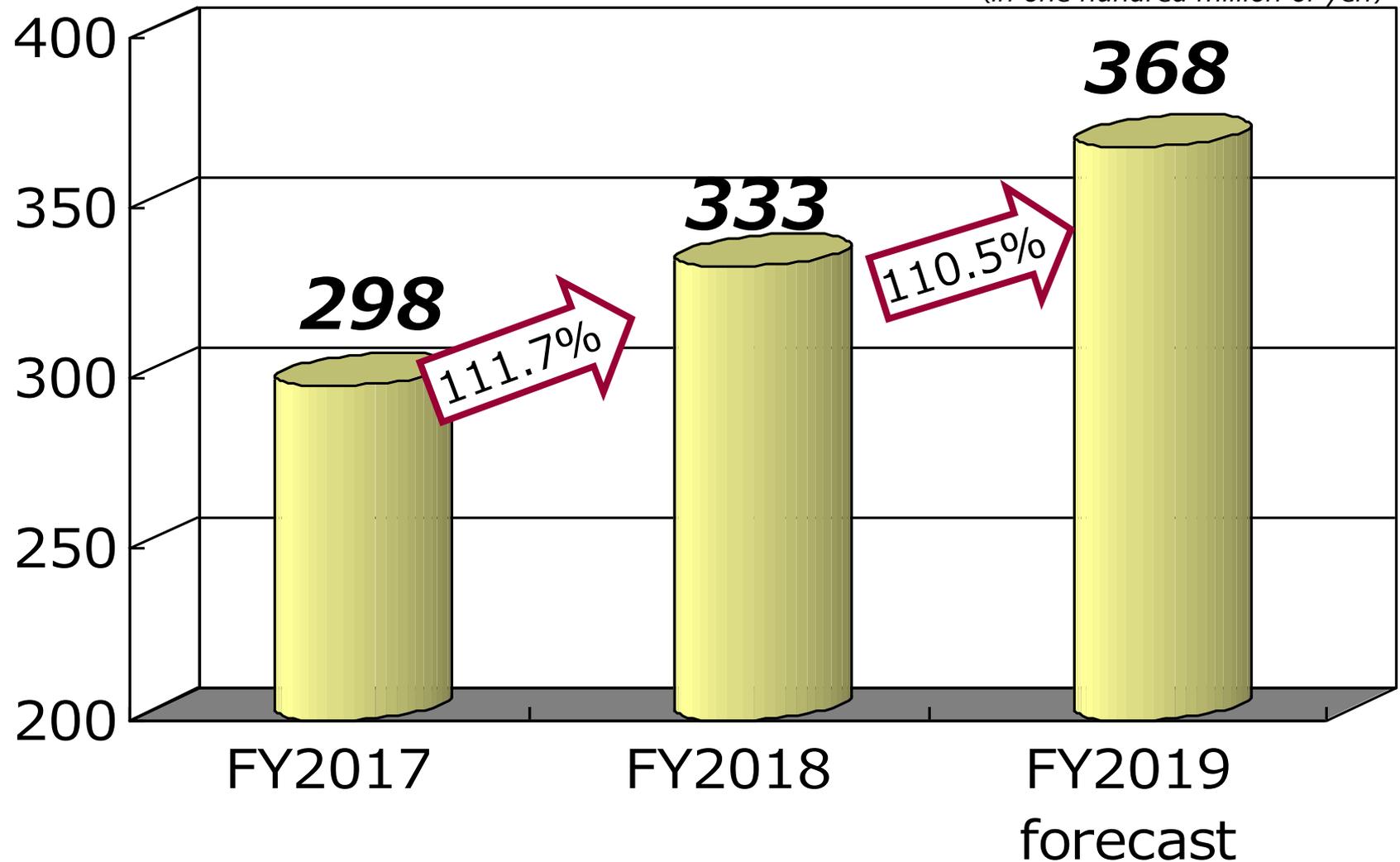
<https://www.daiohs.com>



Daiohs® Consolidated Sales forecast

<https://www.daiohs.com>

Exchange rate in FY2018: \$1=JPY110.69 Assumed rate in FY2019: \$1=JPY110
(in one hundred million of yen)



FY2017

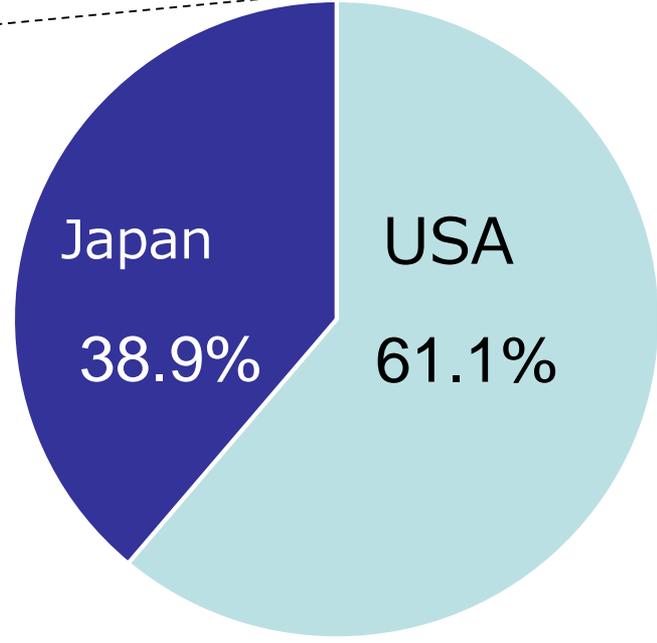
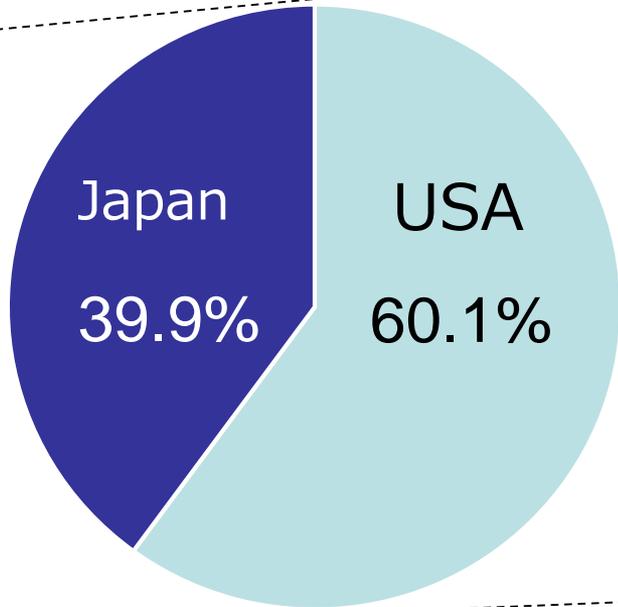
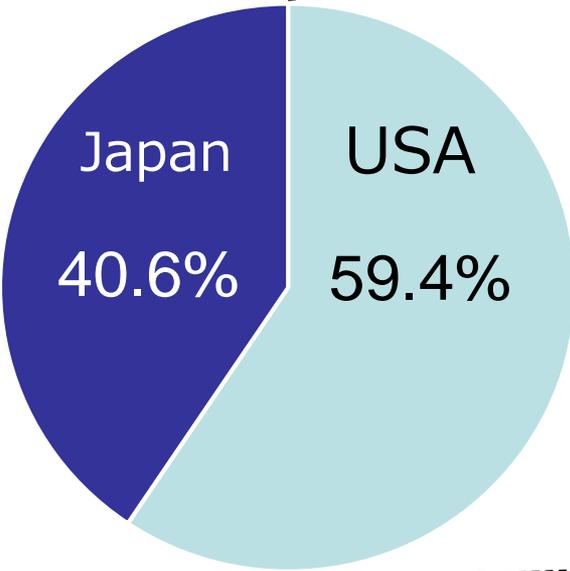
Consolidated	298
Japan	121
USA	177

FY2018

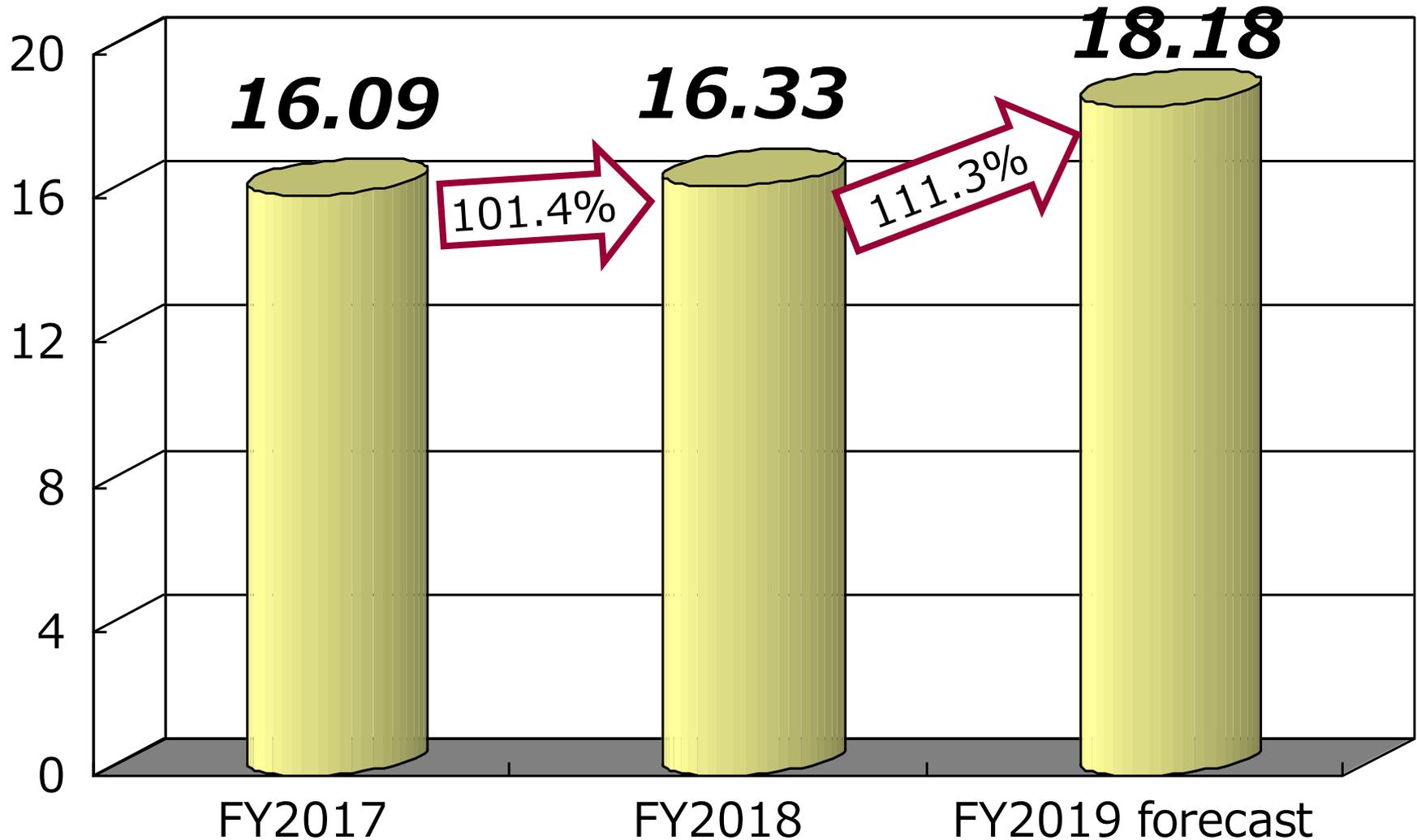
Consolidated	333
Japan	133
USA	200

FY2019

Consolidated	368
Japan	143
USA	225



Exchange rate in FY2018: \$1=JPY110.69 Assumed rate in FY2019: \$1=JPY110
(in one hundred million of yen)



FY2017

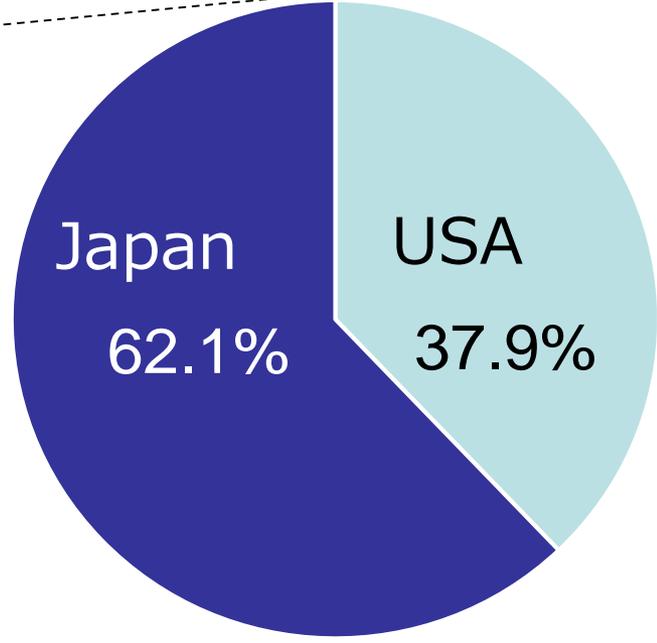
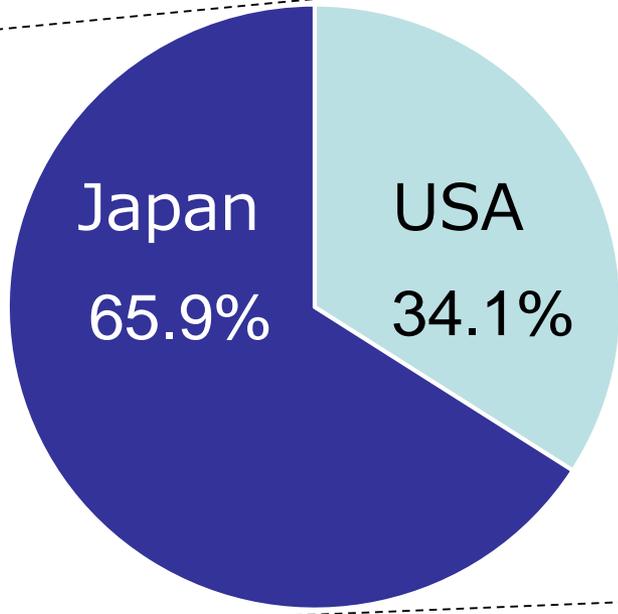
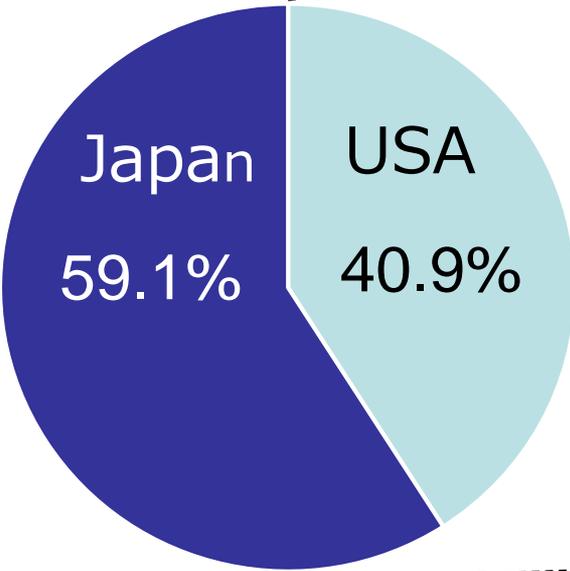
Consolidated	16.1
Japan	10.2
USA	7.0

FY2018

Consolidated	16.3
Japan	11.6
USA	6.0

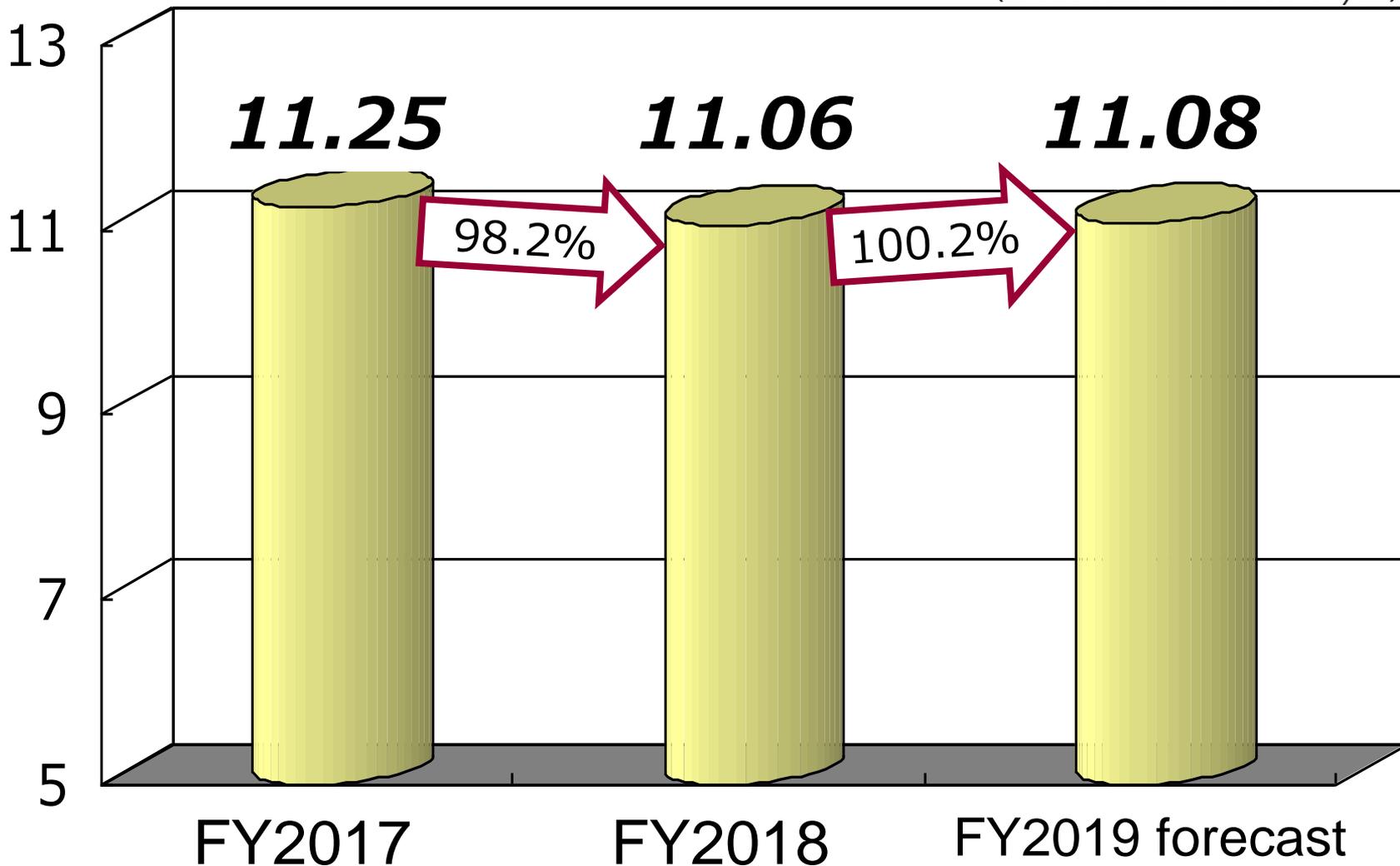
FY2019

Consolidated	18.2
Japan	12.3
USA	7.5



The difference between the consolidated total and the subsidiary total is the consolidated adjustment amount.

Exchange rate in FY2018: \$1=JPY110.69 Assumed rate in FY2019: \$1=JPY110
(in one hundred million of yen)



● Promote efficient management

- ① Create paperless environment by reviewing internal documents.
- ② Promote computerization of sales presentation tools and application documents in sales department.



- Aggressive investment to improve performance
 - ① Strengthen Marketing and Production Division to develop new products and services.
 - ② Promote M&A investment expecting synergy effect.
 - ③ Enhance regular study sessions to share successful cases across the company.



- Reach annual sales of \$ 250 million in FY2023
Focus on business activities of locations which have not achieved its sales target as traditional OCS and expansion of enhanced OCS business.



- Long-term management strategy
 - ① Expand OCS business nationwide and focus on maximizing long-term profits of locations.
 - ② Standardize management methods of locations and improve efficiency in enhanced OCS business.



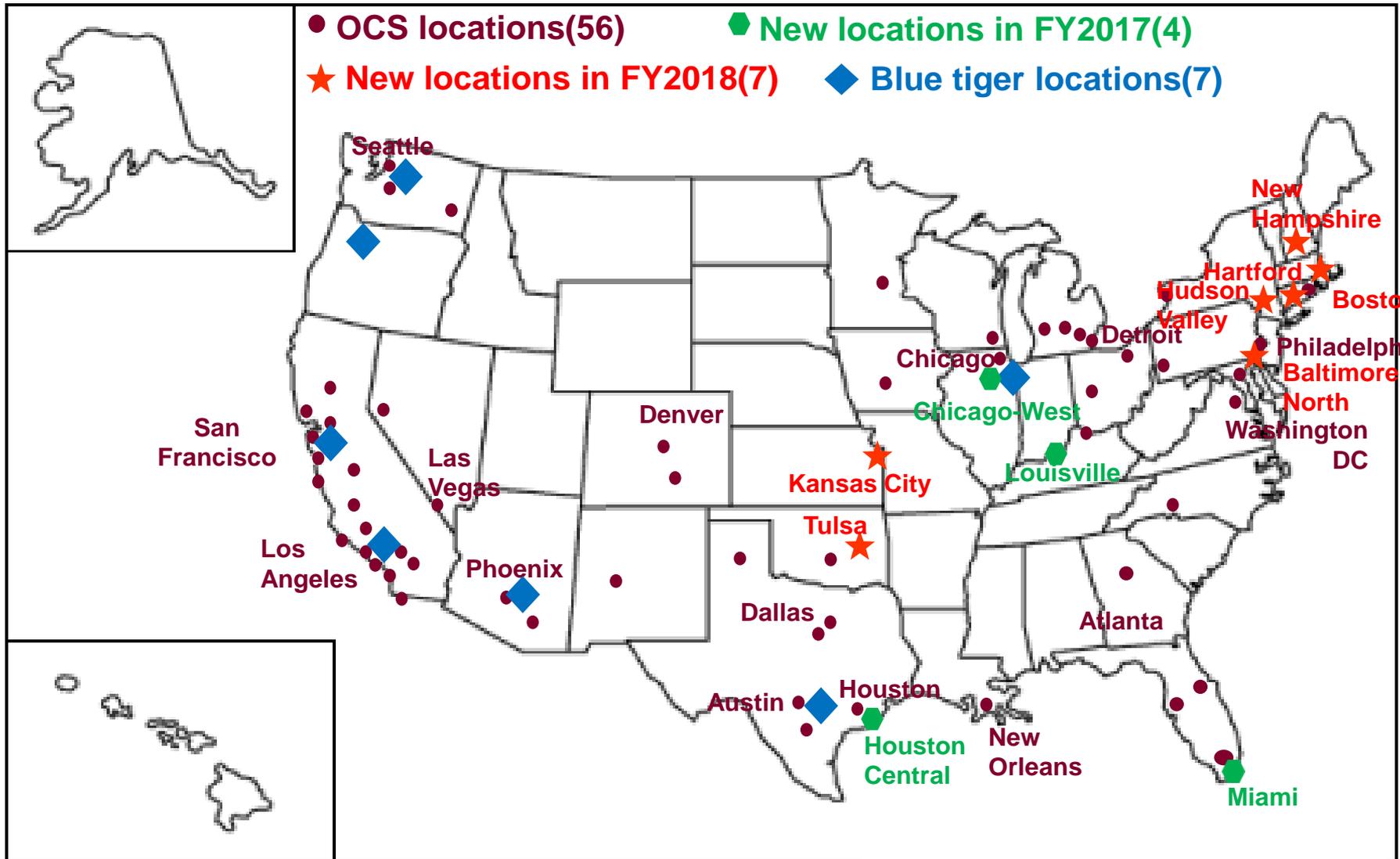
● Make up for shortage of people

- ① Hire homemakers and energetic seniors besides young people.
- ② Consider utilizing AI or robot technology.
- ③ Recruit foreign nationality employees with language skills in Asia.



- Manage balance of growth and profit
- ① Establish a policy of each location to continue making profits.
- ② Ensure to allocate proper number of sales representatives.
- ③ Launch business on its own not relying on just M & A since the acquisition evaluation price remains high.



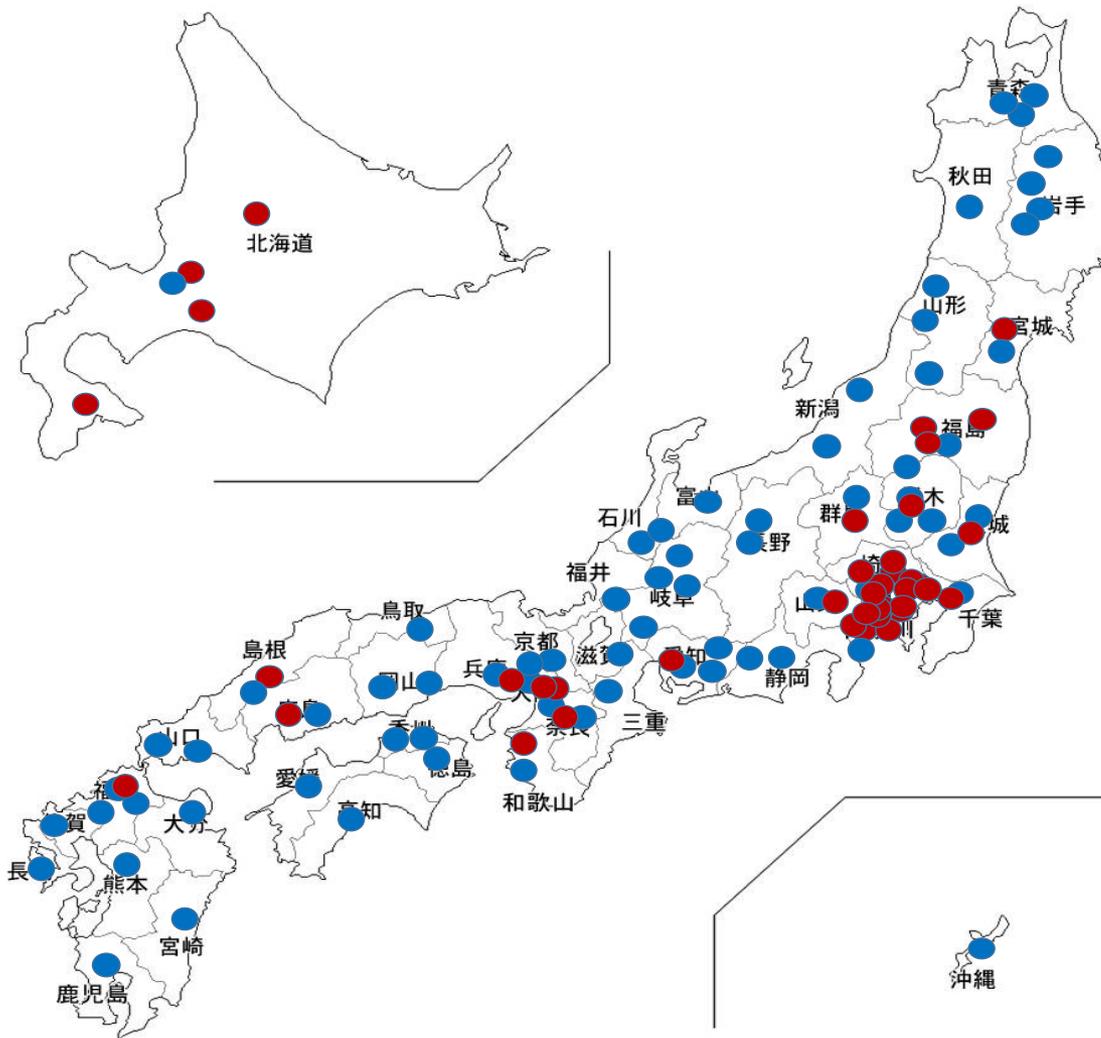


★ New location in FY2018(1)



Daiohs® Number of locations : Japan

<https://www.daiohs.com>



■ Corporate owned : 75

■ Franchisees & Agencies : 214

- ① We only deal with products and services that are to be served on a periodic basis rather than one-way selling out.
- ② Since we deal with items and services that are everyday necessities in offices, our business is hardly affected by economic fluctuations or booms.
- ③ Specializing in B to B enables us to provide multiple products and services to our customers.
- ④ We can offer additional lines of multiple products and services to our customers based on continuous contracts with over 200,000 customers.
- ⑤ Since we import the business model that has proved successful in the U.S. market, we can expand the business with low risk.

- ⑥ We have been showing solid growth for 49 years since its establishment.(operating income)
- ⑦ We have steadily made a progress adding business by upselling besides a subscription model.
- ⑧ We are targeting to be at aggregate sales revenue of 50 billion in FY2023.

Daiohs 企業理念

Daiohsは、時代の新しいニーズを先取りして、新しいマーケットを創造します。



Daiohsは「最適なサービス」という商品を最適なコストで、継続的にお届けします。



Daiohsの利潤は、お客さまの満足から生まれるもので、それをさらにお客さまのために、社会のために、そして、私たちのために生かします。

ありがとうございました。

Dividend policy

Daiohs Corporation regards the return of profits to shareholders as one of important management issues. We ensure a solid management base and improve the return on equity. We have adopted a performance-based policy for dividends based on consecutive dividends as below.

Profit return policy

Regular dividend

In principle, the dividend is maintained at JPY15 per year unless business deterioration occurs due to sudden changes.

Special dividend

To find a part based on business performance, ordinary profit is multiplied by a certain multiplier (55%). If 30% of the amount calculated above exceeds JPY15 of regular dividend, this will be added as a special dividend.

Dividend information

Annual dividend

FY2018	Dividend per share JPY21 (regular dividend JPY15, special dividend JPY6) Dividend yield 1.5% (03.31.2019 closing price) Average exchange rates for the period \$ 1 = JPY110.69
FY2019 (prospect)	Dividend per share JPY21 (regular dividend JPY15, special dividend JPY6) Dividend yield 1.6% (05.21.2019 closing price) Assumed rate \$ 1 = JPY110

Shareholder benefits

Shareholders as of September 30th each year receive our products in accordance with our regulation as below.

benefits	
300 shares and more less than 1,000	100 cups of coffee
1,000 shares and more	200 cups of coffee

Company name	Daiohs Corporation
Securities Code	4653
Established	June, 1969
President and CEO	Shinichi Ohkubo
Address	23rd FL 2-4-1, Hamamatsu-cho, Minato-ku, Tokyo, Japan
Capital	1,051 million yen (as of March 31, 2019)
Business	Holding company of subsidiary total office service business
Operating revenue	33,354 million yen (consolidated in FY2018)
Operating income	1,700 million yen (consolidated in FY2018)
Employees	1,426 (as of March, 2019 consolidated full time conversion)
Fiscal year end	March 31



Daiohs®

株式会社 **ダイオーズ**

<https://www.daiohs.com>