



FY2014 Result Report

(April 1, 2014 –March 31, 2015)

May, 2015
Oisix Inc.

Results

□ **14 consecutive years the best sales**

- Sales 18,060 million yen, **+13.5% YoY**
- Operating Profit 648 million yen, -12.4% YoY
- Net Profit 347 million yen, -20.5% YoY

A rise in promotion costs after the number of subscribers to the E-commerce business surpassed the target.

A deviation of 90 million yen in operating profit at the Kichijoji store, and the posting of an impairment loss worth 110 million yen.

E-commerce (Oisix.com)

□ **Number of Subscribers : 96,718 (+18% YoY)**

- Promotional efforts stepped up and services enhanced to see a growth of subscribers

□ **Upgrading Service**

- The number of subscribers to the KitOisix premium time-saving course surpassed 18,000

Others (not Oisix.com)

□ **Brick-and-Mortar shop**

- Signs of business expansion in the Shop in Shop business despite problems with revenue at the Kichijoji store

□ **Overseas (Oisix HongKong)**

- Net sales hit record high in the lunar new year season in February

□ **Media/Novelty**

- Adopted as a novelty item by a large client

□ **Fulfillment outsourcing service**

- A new service launched in E-commerce site construction and contracted distribution

1. FY2014 Result

2. FY2015 Strategy

Oisix Overview of FY2014

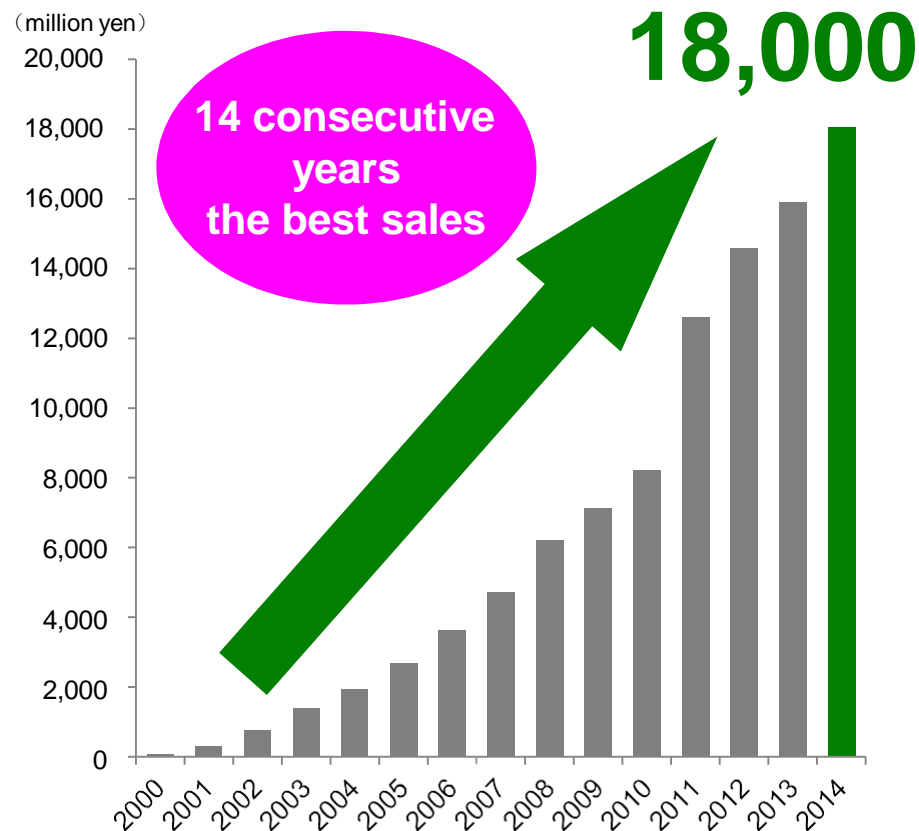
A rise in subscribers caused net sales to grow to 18,060 million yen and the growth rate to rise from 9.1% to 13.5%

Meanwhile, a deviation from the planned figure occurred in the store business, and an impairment loss concerning noncurrent assets at the Kichijoji store was posted. These resulted in a 20.5% year-on-year decline in net profit, falling to 347 million yen.

□FY2014 Result

| (¥m) | FY2013 | FY2014 | YoY |
|------------------|--------|--------|---------|
| Sales | 15,909 | 18,060 | +13.5% |
| Operating Profit | 740 | 648 | ▲ 12.4% |
| Recurring Profit | 775 | 668 | ▲ 13.8% |
| Net Profit | 436 | 347 | ▲ 20.5% |

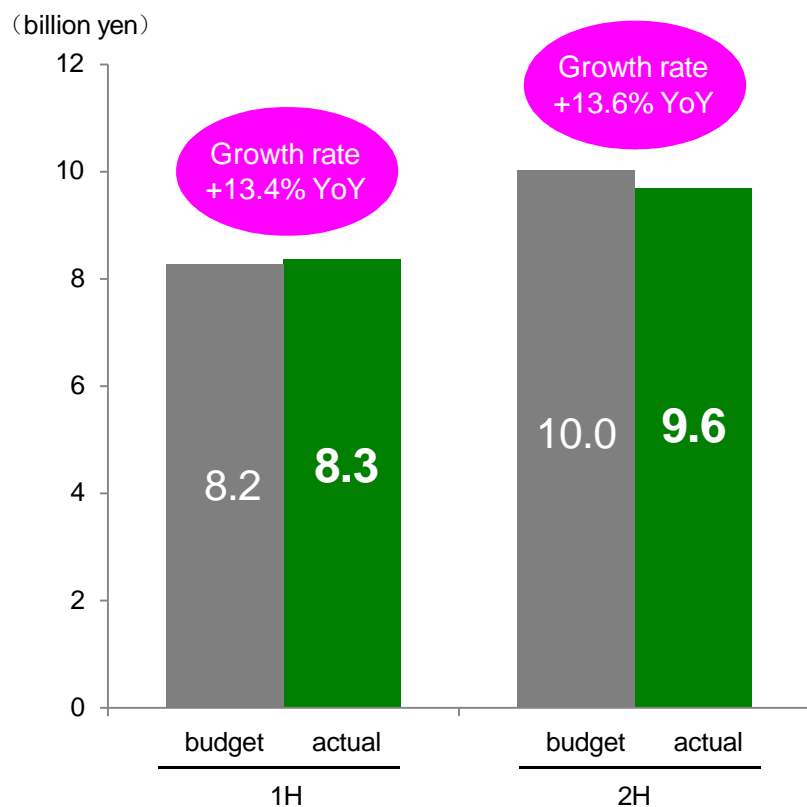
□Sales



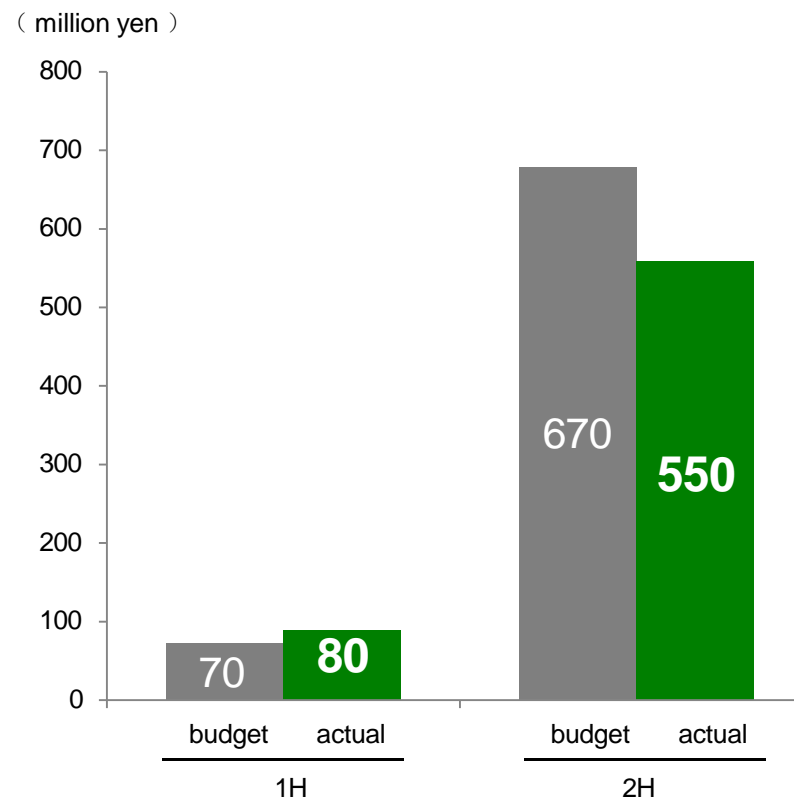
Comparison of initial budget between the first half and second half

The growth rate rallied as subscribers expanded through promotional activities in the first half intended to make profits in the second half. This achievement was close to what was envisioned in the initial plan. However, a profit deviation occurred at the Kichijoji store.

□ Sales

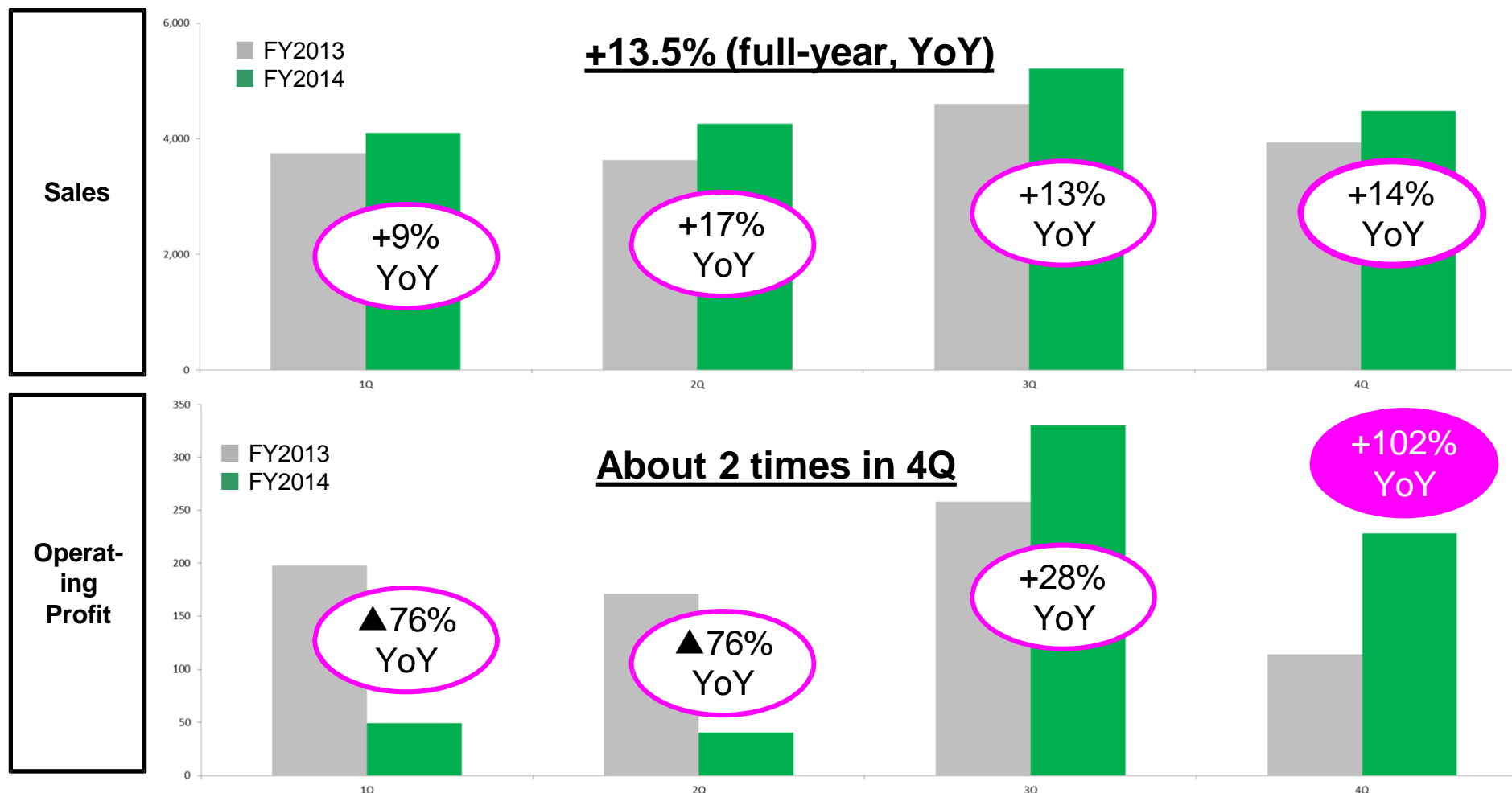


□ Operating profit



Quarterly transition

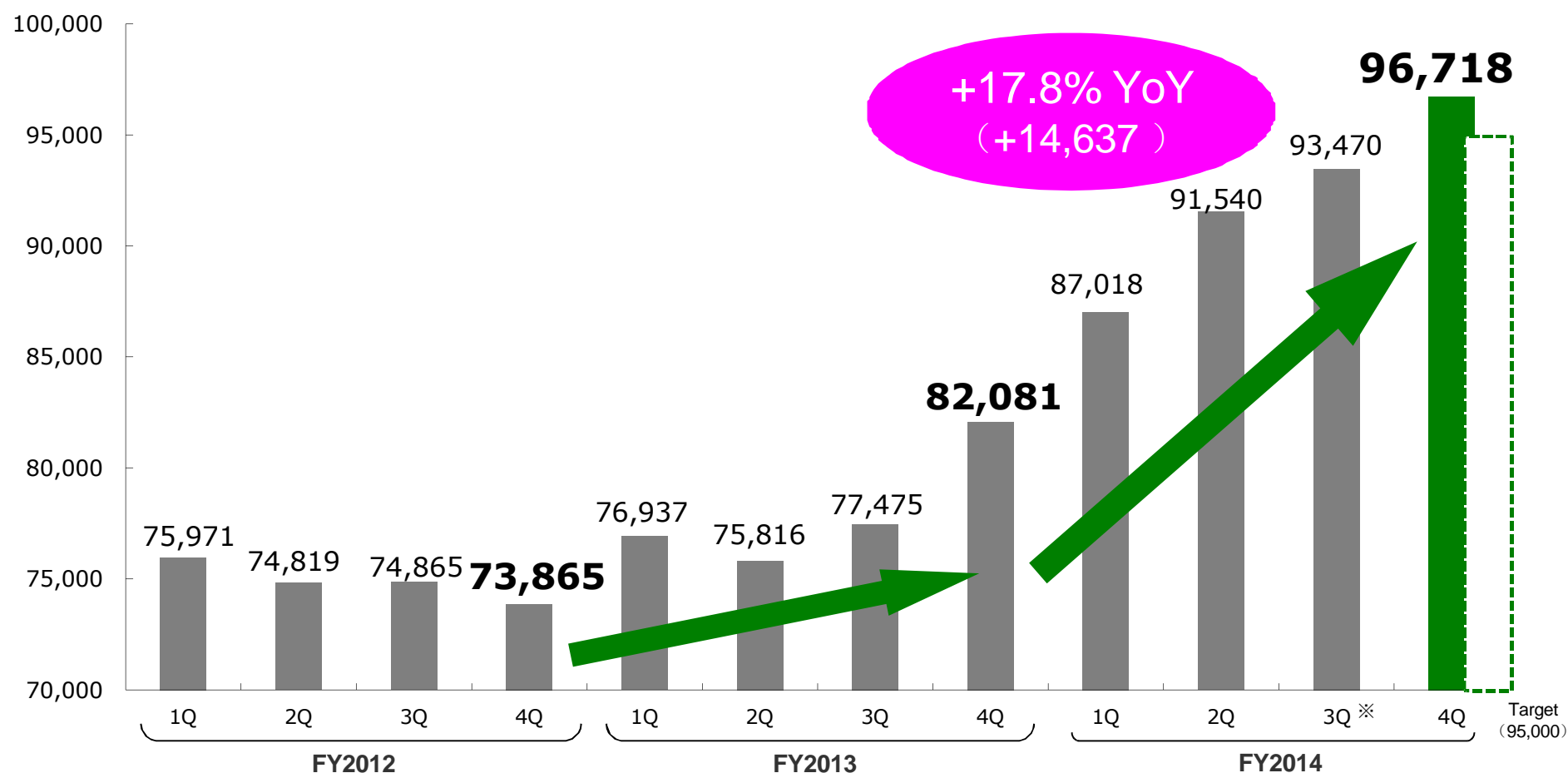
Net sales rallied on a full-year basis to attain a growth rate of 13.5%. In the fourth quarter, profit was twice the level as that in the same period a year earlier.



① EC business ≪Major indicator≫

(1) Number of Subscribers

The number of subscribers, which is the most important indicator, grew by 15,000 from 82,000 to 97,000, which is above the target of 95,000.



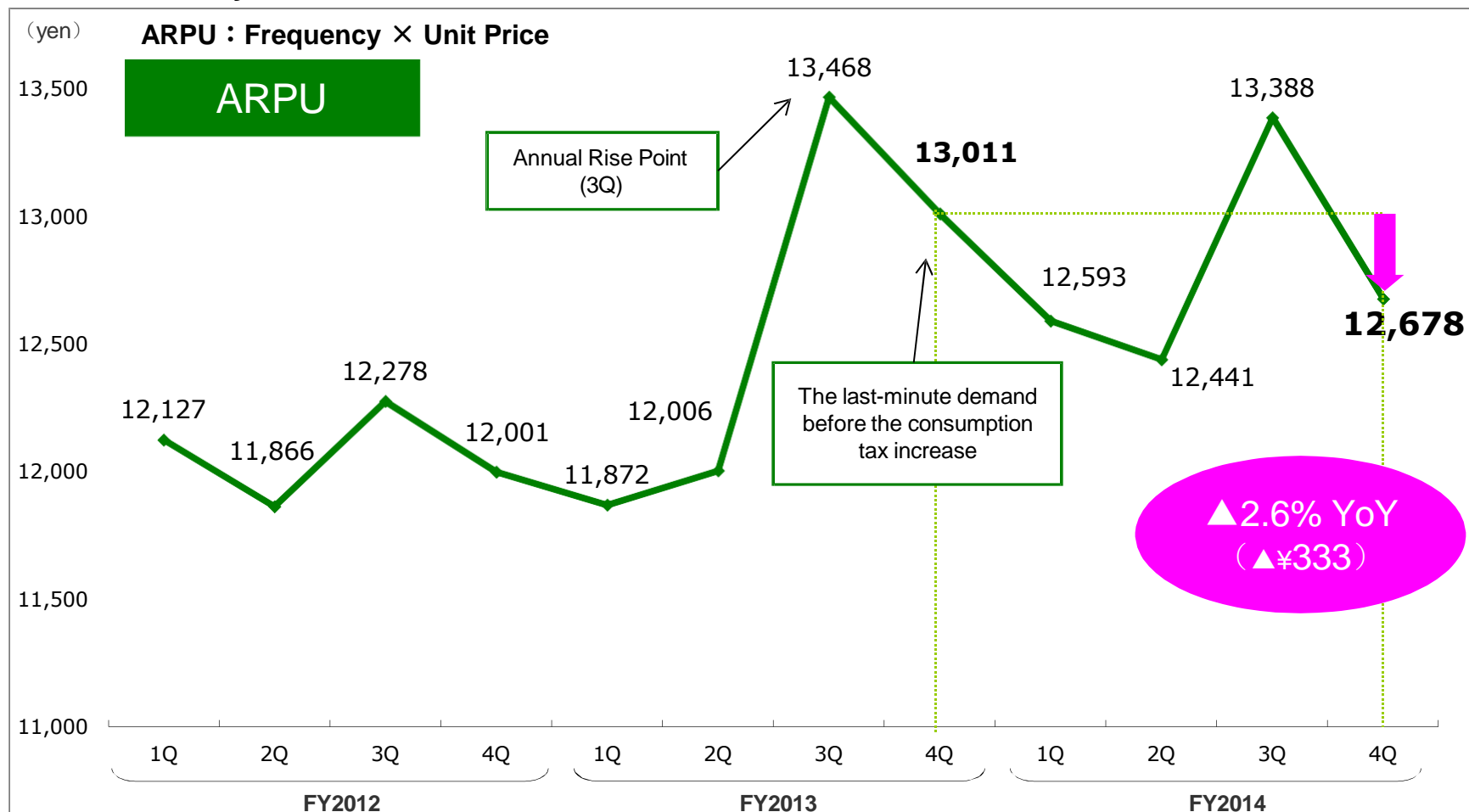
* In October 2014, 2,261 subscribers to the Oisix-Recruit Point Site were integrated.

① EC business ≪ Major indicator ≫

(2) ARPU

※ARPU: Average Revenue Per User

Due to the rush demand before the consumption tax hike in the fourth quarter of FY2013, the figure for the fourth quarter dropped year on year. However, it was on the upward trend on a full-year basis.

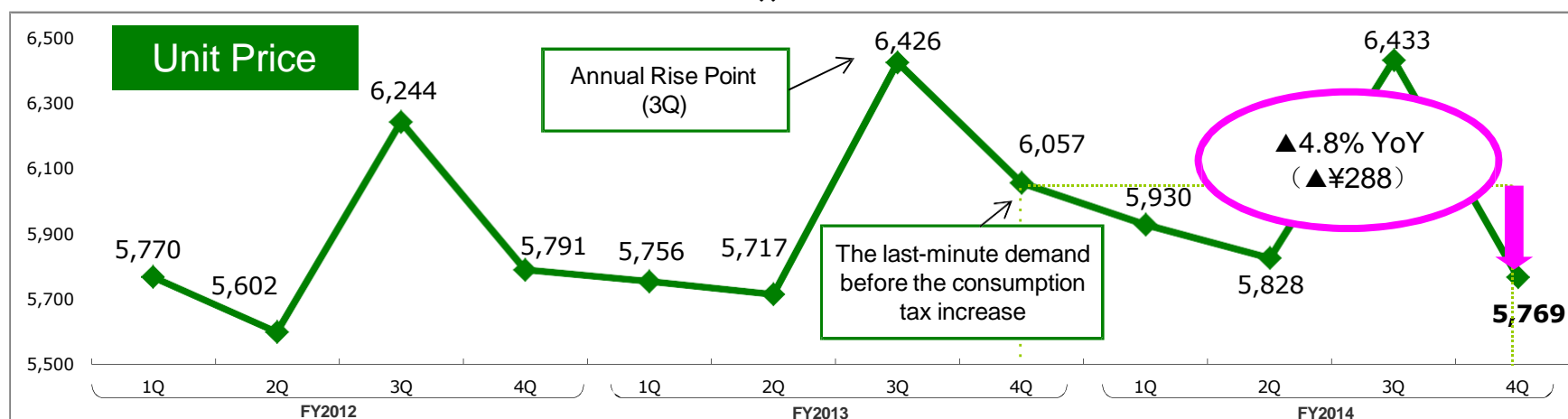
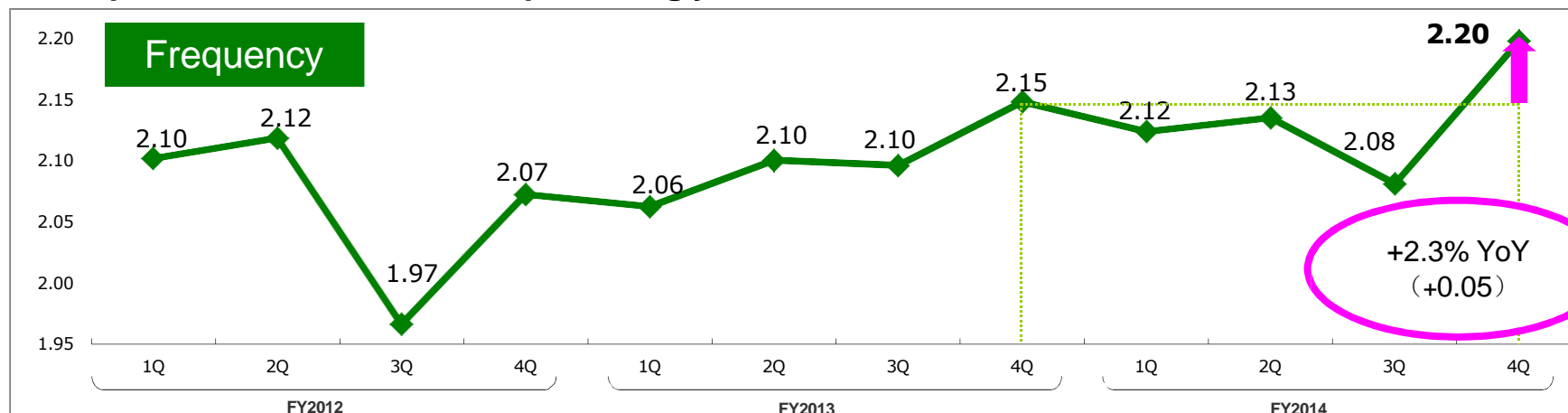


① EC business ≪ Major indicator ≫

(2) ARPU

※ARPU: Average Revenue Per User

The enhanced level of services resulted in a rise in purchase frequency. The value per purchase in the fourth quarter dropped by 288 yen year on year because of the rush demand prior to the tax hike in the preceding year.



(3) KitOisix[enhancing services with a focus on premium time curtailment]

KitOisix: The service was further enhanced with an emphasis on the premium and time-saving features with the help of the expansion of the easy-to-prepare food market, the number of subscribers for courses surpassed 18,000 following the release of KitOisix for Kids and KitOisix products developed in collaboration with renowned chefs. The cumulative total sales quantity exceeded 900,000 kits.

□ About KitOisix



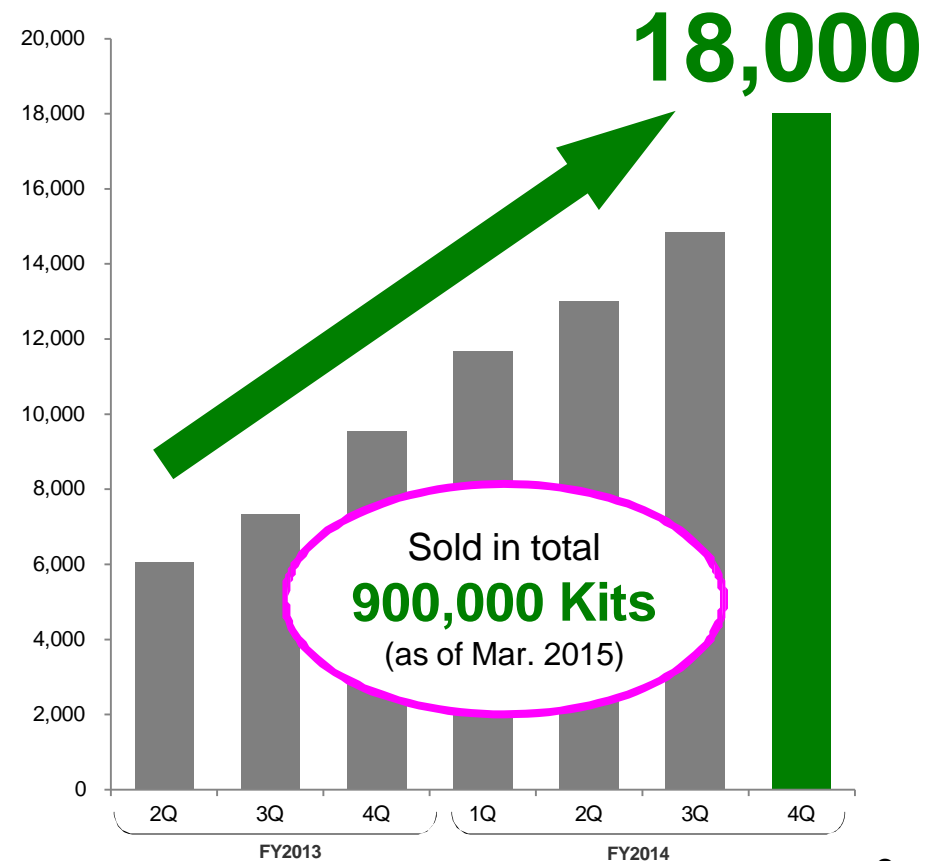
- Limited to food materials that meet Oisix standards
- Enabling preparation of main and side dishes in just 20 minutes
- Containing large quantities of seasonal vegetables

□ Main activities in FY2014

Three different courses helped to improve the service level



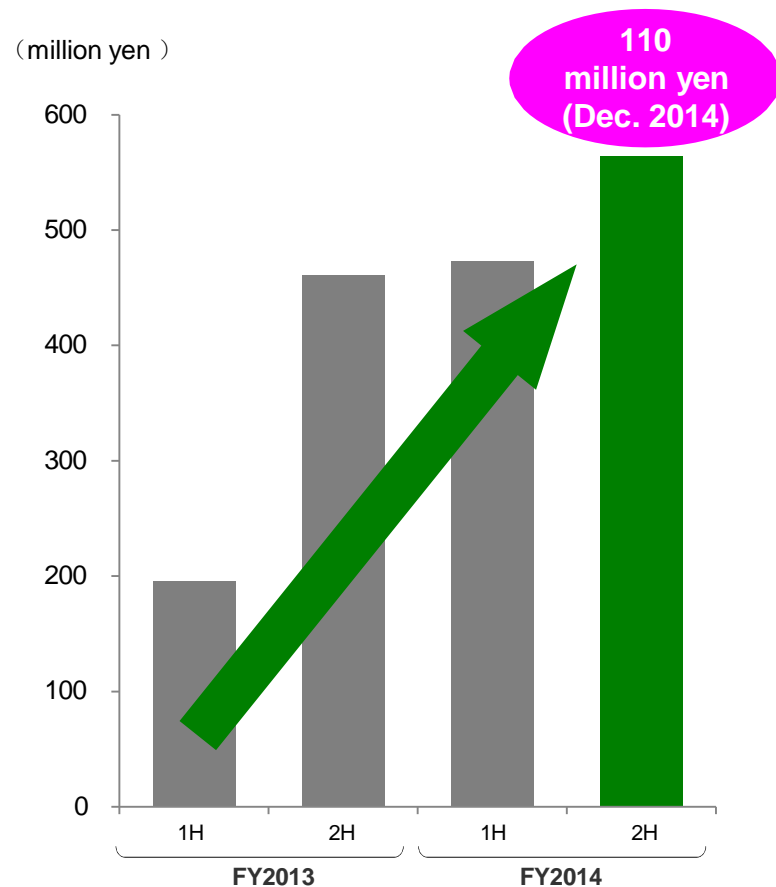
□ The number of KitOisix subscribers



(4) Unit prices raised with Oichika

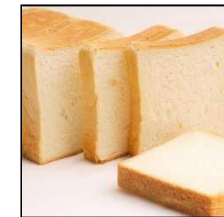
Operating malls that deliver the products of other companies' premium brands together, Oichika has grown to a scale of monthly net sales of 100 million yen, helping to increase unit prices.

□ Sales



□ Main activities in FY2014

Expanding daily foods



- LeTAO's bread
- SoupStockTokyo's soup
- Jiyugaoka Granola's serial

Cooperative sales promotion in seasonal events



- Sale of brand-specific fukubukuro (bags containing a different and unknown assortments of items offered at lower prices)

Collaboration products



- A Joel Robuchon cake made with the use of Oisix lemons

② Brick-and-Mortar shop business

(1) Profit deviation at the Atré Kichijoji store and the posting of an extraordinary loss

Although profit soared in the fourth quarter, there was a profit deviation of around 90 million yen from the plan. We considered it difficult to ensure profitability with the initial plan, and posted an impairment loss worth 110 million yen.

□ About the Atré Kichijoji

Good

Media exposure

TV : 14
Publications : 34
Web : 90
Radio cast : 2



New challenges



▼ The Half Meat Off Series, with the amount of meat reduced to half



▼ The Fruit-nade items for selection

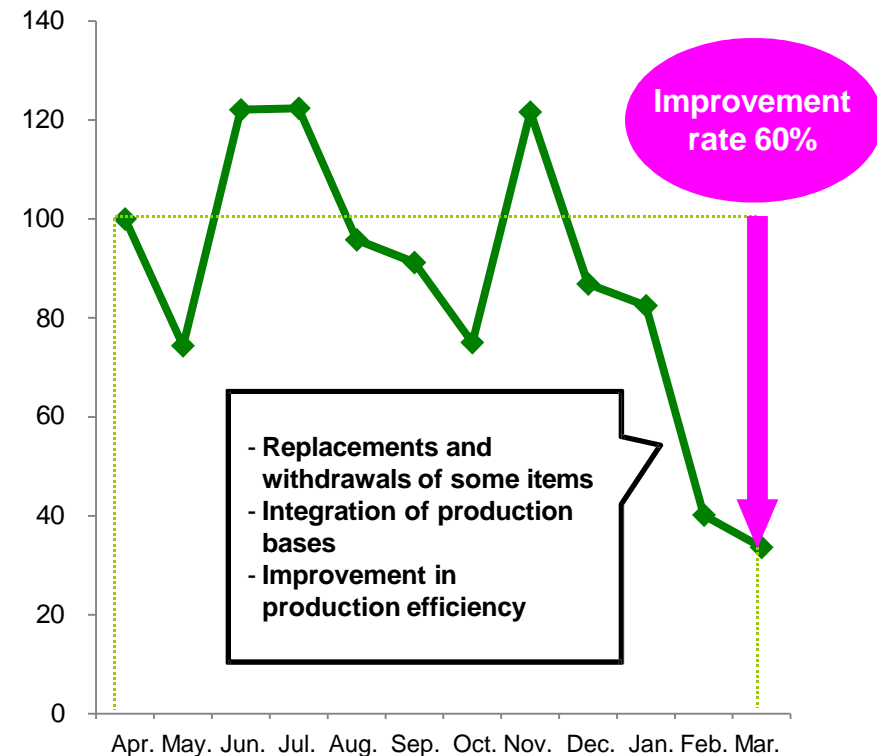
Bad

The rate of prepared food costs stayed high

- The rate of prepared food costs stayed high until the fourth quarter
- A low operation rate of production plants
- Poor productivity based on production of many different product items in small quantities for the purpose of product development

□ Trend in the rate of prepared food costs, which is a key challenge

※Apr. 2014=100



(2) Expansion of Shop in Shop

Launch of shops inside Queens Isetan supermarkets in addition to Tokyu Store supermarkets to achieve a 74% rise in net sales from the beginning of fiscal year

□ Main activities in FY2014

Shops in a
greater number
of Tokyu Stores

New shops set up in the Futako Tamagawa Store and the Toritsu Daigaku Store



▼ Futako Tamagawa (Jul. 2014)

Introduction of
shops in
Queens Isetan

New shops set up in the 4 stores (Shakuji-koen, Mejiro, Shinagawa, Suginami)

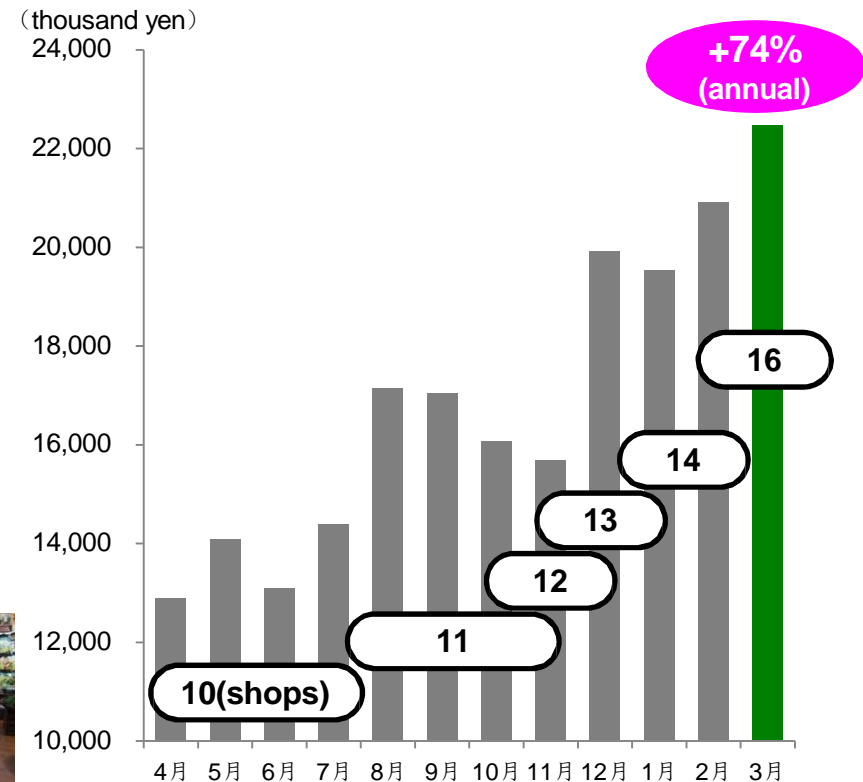


▼ Shakuji-koen (Apr. 2014)



▼ Mejiro (Nov. 2014)

□ Sales of Shop in Shop



— A 74% rise in net sales from the beginning of fiscal year
— A 16% year-on-year growth in sales per shop.

③ The other business

Images

Overseas Biz (Oisix HongKong)



Media/ Novelty Biz



Oisix Fulfillment Service (contracted service)



Overview

- **Hit record high sales of around 40 million yen during the lunar new year season in February**
 - Profit on sales maximized by organizing events
 - Services revamped to boost revenues by establishing a model for repeated purchases
- **Adopted as a novelty item for the Kinmugi promotion campaign, which led to the delivery of a total of 76,000 Oisix vegetable sets**
 - Brisk orders as prizes in a tie-up with the Suntory Kinmugi beer-like beverage
 - Expanded media exposure contributed to brand recognition.
- **Operation of new services in E-commerce sites and contracted distribution**
 - Introduction of a regular purchase model to the E-commerce site of M.I. Deli
 - Response to temporary needs focusing on busy seasons, such as Christmas and St. Valentine's Day

1. FY2014 Result

2. FY2015 Strategy

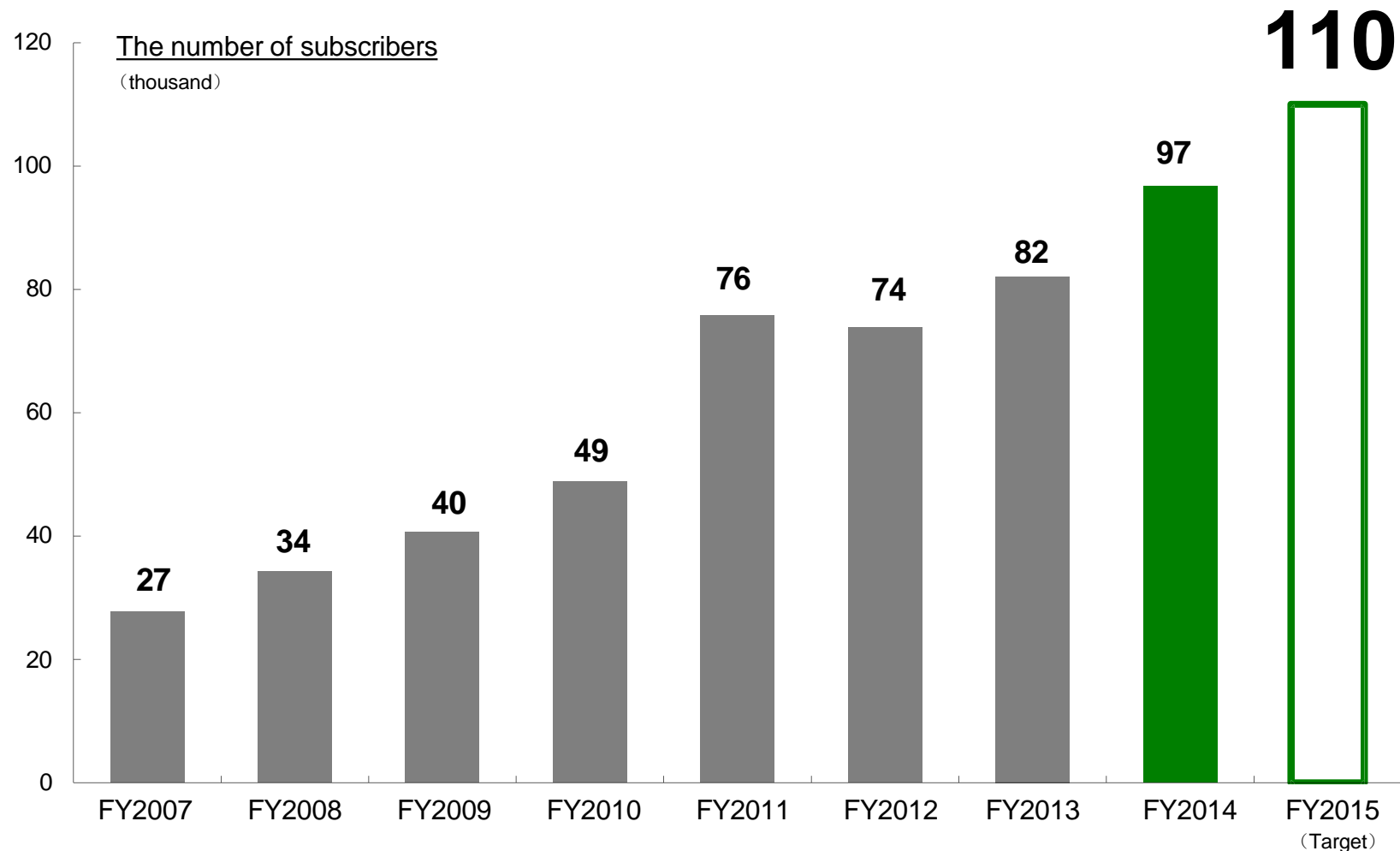
Financial Result Forecast for FY2015

With the growth of subscribers, net sales are forecasted to reach the 20,000 million yen mark.
While addressing the transport fare hike by Yamato Transport and making capital investments in business expansion, we have set a target of increasing operating profit by 16% to 750 million yen.

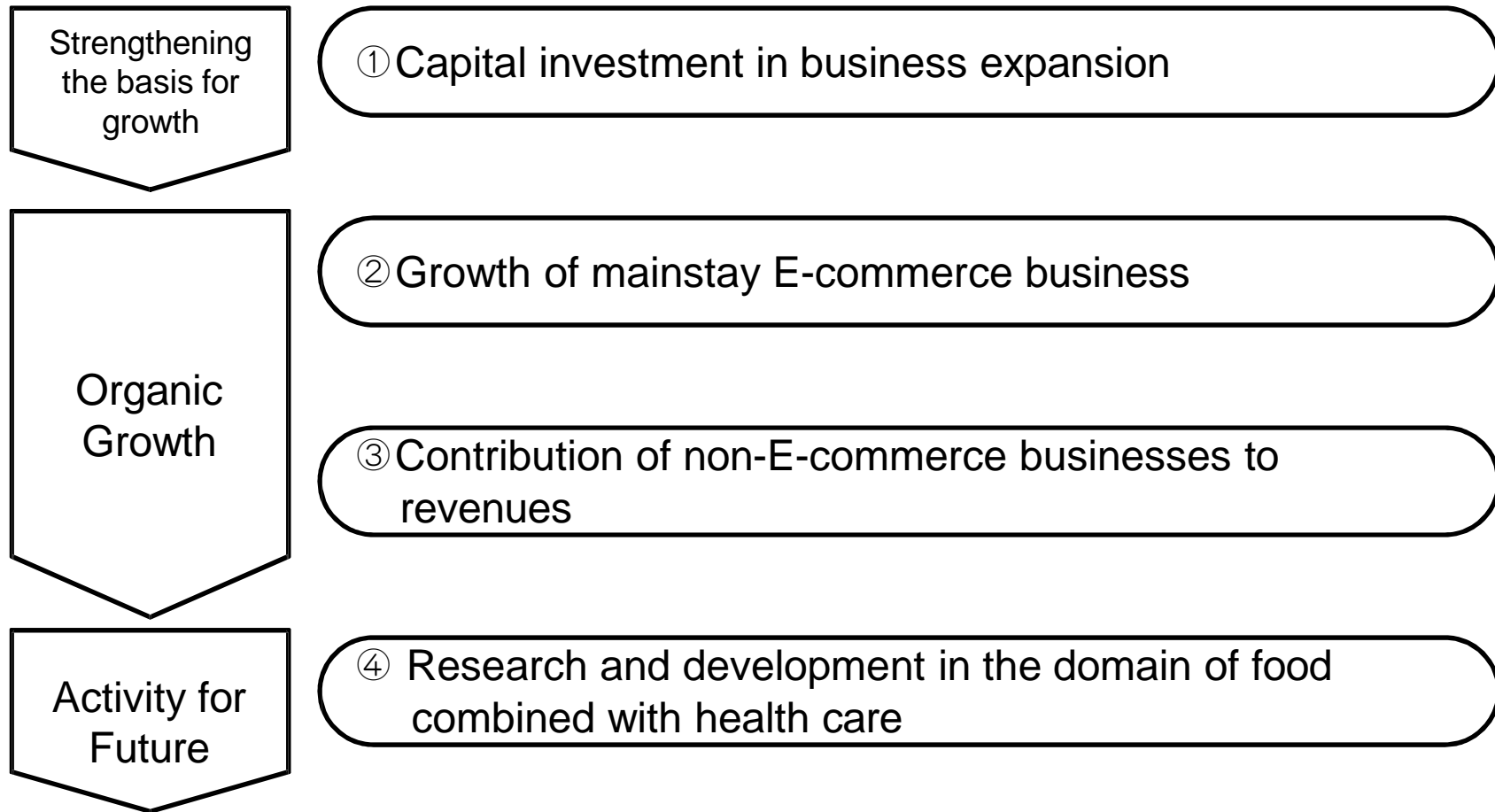
| (million yen) | FY2015 (Full year) | YoY | 1H | YoY | 2H | YoY |
|------------------|-----------------------|------|-------|-------|--------|------|
| Sales | 20,000 | +11% | 9,300 | +11% | 10,700 | +10% |
| Operating profit | 750 | +16% | 250 | +181% | 500 | -11% |
| Recurring Profit | 770 | +15% | 260 | +160% | 510 | -10% |
| Net Profit | 480 | +39% | 160 | +198% | 320 | +10% |

The target number of subscribers

In addition to service improvement and the enrichment of KitOisix courses, we will conduct highly efficient promotional activities in an effort to achieve a cumulative total of 110,000 subscribers by the end of fiscal year.



In order to meet the sales profit target for the fiscal year ending March 2016, we will intensively carry out activities ① to ③. At the same time, we will conduct activity ④ to speed up business growth in the future.



① Capital investment in business expansion

- (1) Construction of a new production plant
- (2) Inauguration of the new distribution center

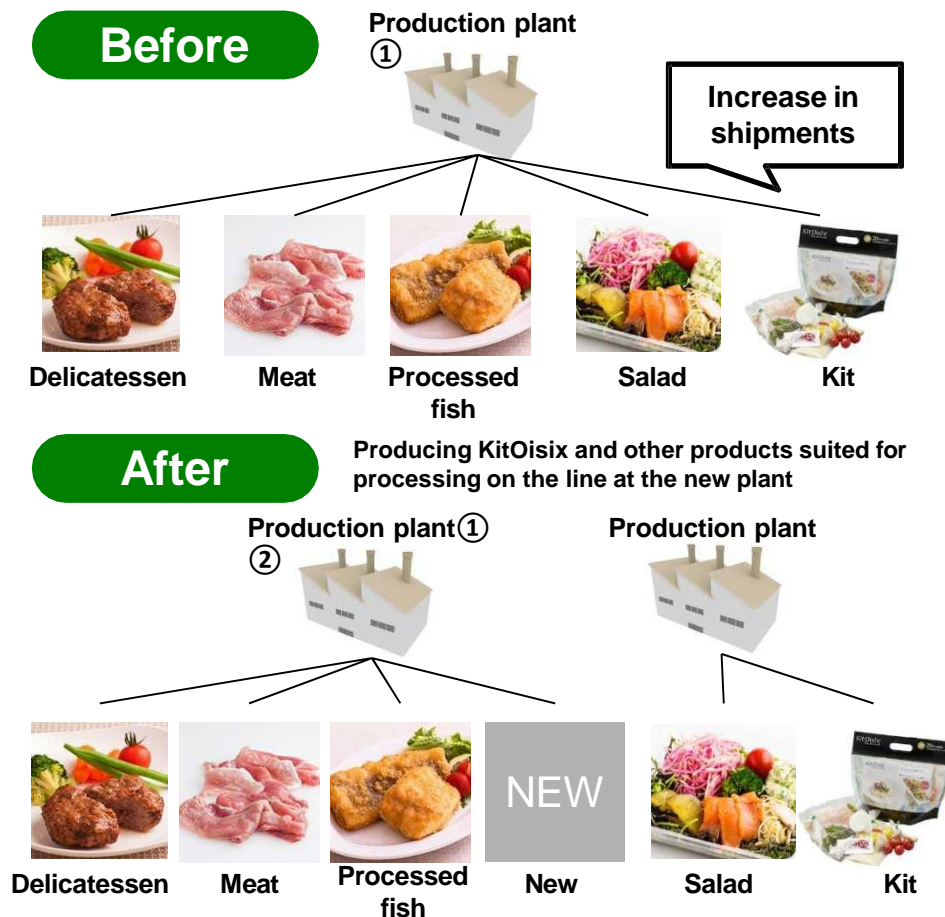
① Capital investment in business expansion

(1) Construction of a new production plant (Oisix Dining Center)

To keep up with the growth in KitOisix shipments, we will construct a new production facility in June 2015 in an aim to increase our production capacity and to lower the cost rate.

□ Optimization of items to be produced

□ Expected effects



Increase in capacity

— Capacity to ship nearly **4** times the current level

Reduction in cost rate

— A production line designed exclusively for the production of KitOisix products to **lower the KitOisix production cost**

Development of new products

— Freezing technologies and low-speed press systems have opened the way for yet **a higher speed in the development** of frozen vegetables, healthy beverages, and other products prepared by processing fresh vegetables and fruit.

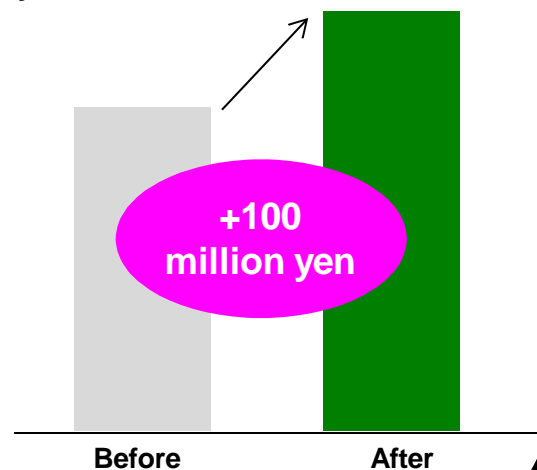
① Capital investment in business expansion

(2) Inauguration of the new distribution center (the Second Oisix Station)

In August 2015, the new distribution center (the Second Oisix Station) will begin operation. It will optimize fulfillment to help increase the shipping capacity and mitigate the impact of the increase in shipping fares by Yamato Transport.

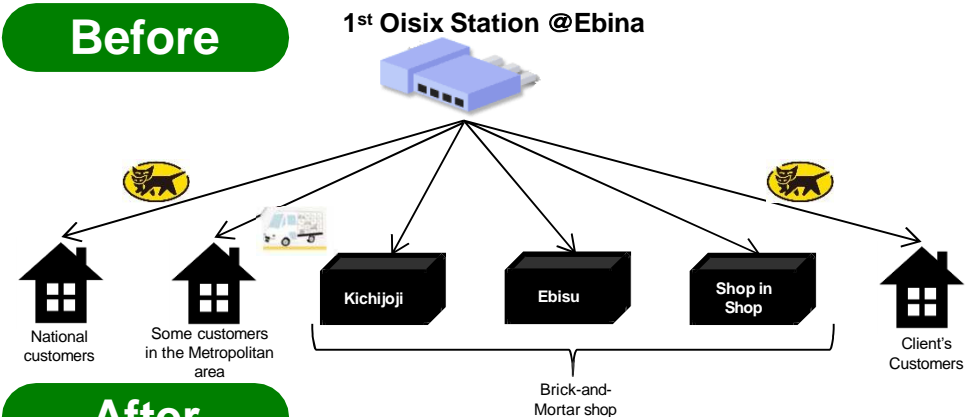
Increase in Yamato Transport's shipping fares

The increase in Yamato Transport's shipping fares will generate a cost burden of around 100 million yen per year.

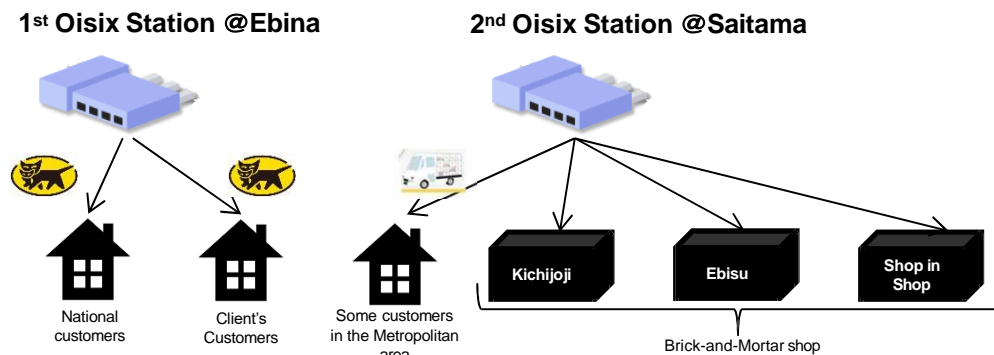


Suppression of fulfillment costs by means of optimization

Before



After



② Growth of mainstay E-commerce business

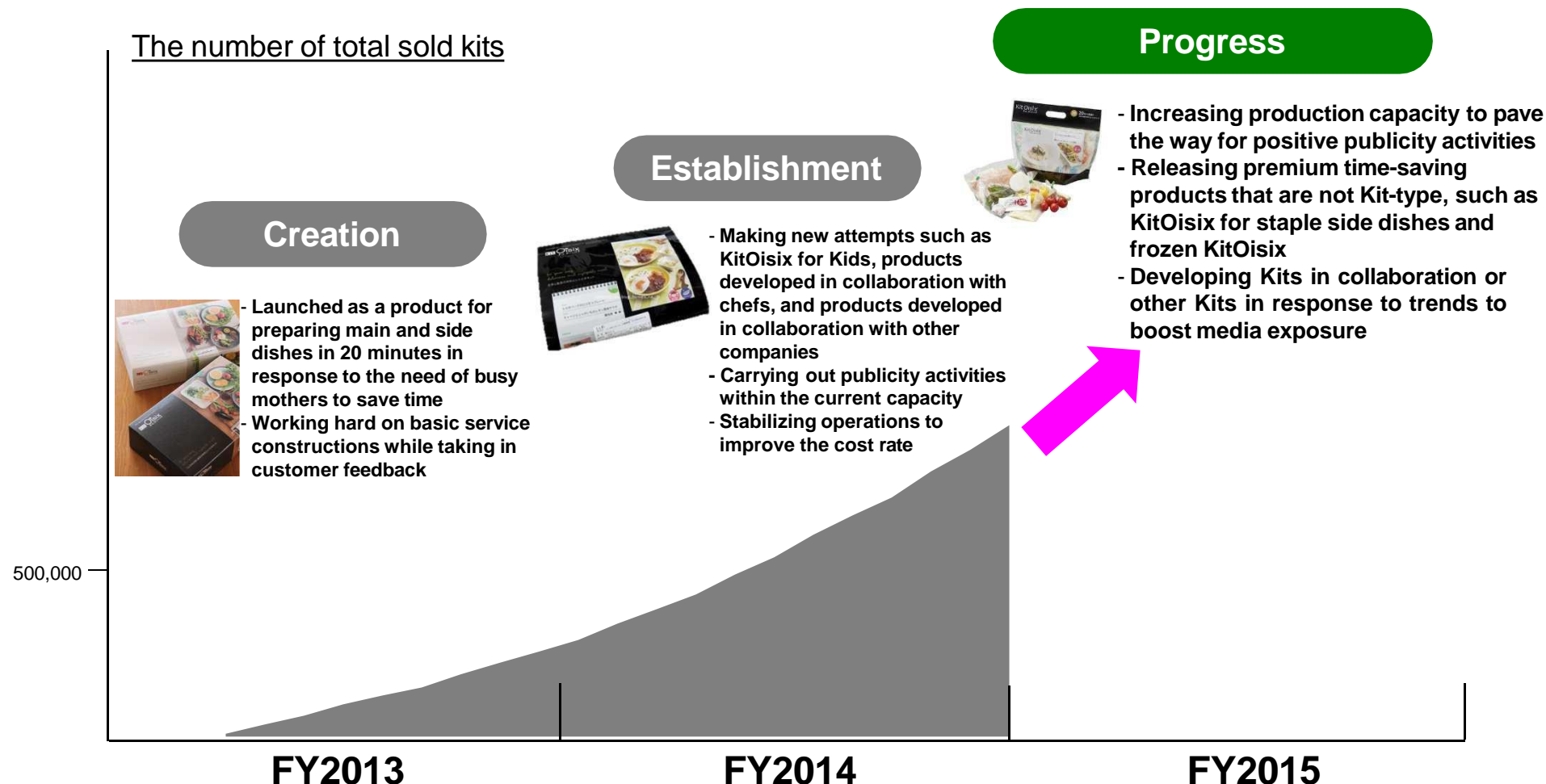
- (1) Increasing subscribers
- (2) Uplifting ARPU

② Growth of mainstay E-commerce business

(1) Increasing subscribers

(a) Continue to focus efforts on fast-selling KitOisix courses

The current fiscal year is the third year in which KitOisix has been marketed. We will carry out positive advertising activities, introduce time-saving products that are not Kit-type, and gain media exposure in a bid to boost KitOisix subscribers.



② Growth of mainstay E-commerce business

(1) Increasing subscribers

(b) Fostering seasonal courses by capitalizing on promotional skills

Capitalize on publicity skills built up through experience in the preceding fiscal year to promote seasonal courses as mainstay services in an effort to increase the number of subscribers

□ Flow of acquisition subscribers

Measures cases

Attracting customers

- Working harder to attract customers by working with other companies to bring them to Oisix
- Attracting customers through events and other offline approaches
- Re-approaching past purchasers

Sales of trial sets

- Increasing the purchase ratio through gamification
- Conducting A/B testing with great frequency to improve the landing page
- Constant enhancement of the application form

Conversion to subscribers

- Organizing and integrating business mail and sales promotion mail messages to improve communications
- Improving the script for follow-up phone calls

□ (ex) Effect of form improvement

Before

After

かんたん注文フォーム

Page transition rate increased 1.6 times

② Growth of mainstay E-commerce business

(1) Increasing subscribers

(c) Developing a course that will become a third pillar next to the seasonal course and the KitOisix course

□Candidate-1. Mama course



Service overview】

- A product recommendation service for proposing products matched with the infant's age in months
- Developing products containing necessary nutrients based on the age in months
- Link between content for the specific age in months and product planning

□Candidate-2. Senior course



Service overview】

- Web usability with great visibility
- Development of small-sized products for small households
- Enrichment of functional food products that meet health needs

② Growth of mainstay E-commerce business

(2) Uplifting ARPU

(a) Launch of a smartphone app

Upgrades of the smartphone app and increase in downloads to raise the ARPU

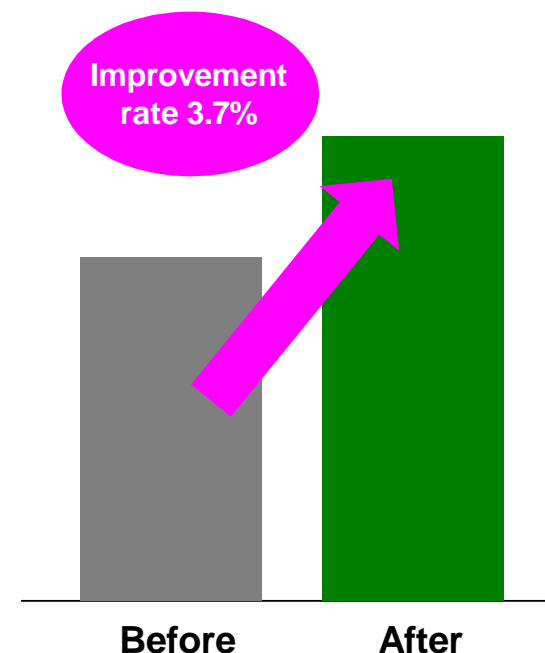
□ Images



□ Effect of introducing App.

- Push notification to prevent users from forgetting to make purchases or cancellations
- Improvement in responsiveness and usability to help increase the number of items purchased by low spending users
- Facilitate acquisition of user purchase data to boost the speed of user interface improvement

□ Trend in the purchase value of low spending users



③ Contribution of non-E-commerce businesses to revenues

- (1) Contribution of store business and office delivery business to revenues
- (2) Launch of new services in the Oisix Fulfillment Service

(1) Contribution of store business and office delivery business to revenues

Place a focus on development and implementation of new formats in the Shop in Shop business
Structural reforms to improve profitability at medium-sized stores

□ Expansion of Shop in Shop

Present

Set up island-type displays for mainly marketing fresh vegetables and fruit



Development and implementation of new formats: products to be displayed in refrigeration cases, daily-delivered products, and private brand products, etc.



FY2015

□ Medium&Small-sized stores and Office delivery

medium-sized store



Reforms of earnings structure to ensure profitability

- Organizing events and taking other actions to boost capability to attract customers
- Structural reforms through improvements in zoning and the selection of goods
- Continued improvement in the efficiency of producing prepared food products

small-sized store



Operated as a place for testing hypotheses on medium-sized stores and the Shop in Shop model while maintaining profitability

Office delivery



Improvement in Salad Oisix for Offices

- Improvement in capacity to gather feedback from customers
- Reviews and withdrawals of certain items
- Improvement in extra value, such as providing calorie intake indications

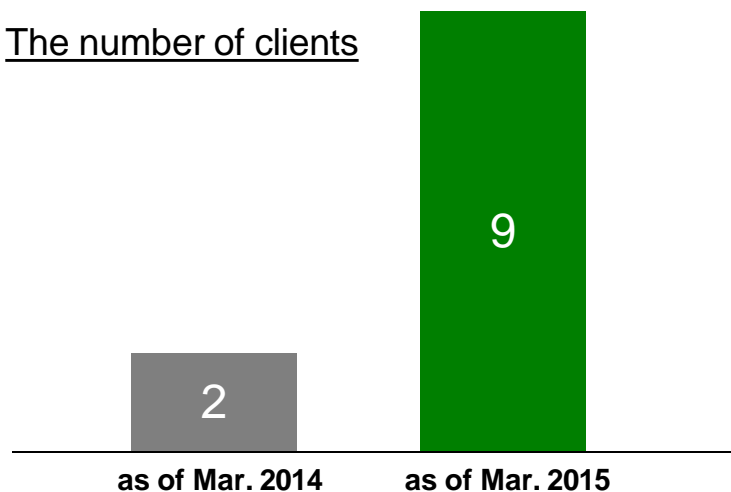
(2) Start of marketing support services in the Oisix Fulfillment Service (Oiful MJ)

Began marketing support services amid mounting needs for marketing support

Commissioned to offer a one-stop service that encompasses consulting on marketing, implementation, and fulfillment

□ Growth in number of companies commissioning the fulfillment service

The number of clients



- The number of clients commissioning e-commerce fulfillment grew, but it takes a lot of time to win contracts.
- Clients are found to also have needs for marketing support.

□ Features of new service

Oisix Fulfillment Marketing Support (Oiful MJ)

1. Offering expertise based on the practical experience nurtured in repeat marketing
2. Providing not only consulting and advice but also support for implementation
3. Offering the service on a pay-per-action basis in a commitment to producing results

□ Clients

- The service was set to serve M.I. Deli and DEAN & DELUCA when it was first started.
- For the current fiscal year, we will be serving no more than 10 clients.

三越伊勢丹
イムアイ Deli DEAN & DELUCA

④ Research and development in the domain of food combined with health care

- (1) Launch of highly nutritious vegetable sections
- (2) The Food Innovation Lab (tentatively named) is due to be established this coming fall.

④ Research and development in the domain of food combined with health care

(1) Launch of highly nutritious vegetable sections

Setting up the Kikubeji section with a collection of highly nutritious vegetables to start selling 10 different highly nutritious vegetables

□ Overview

Section name : Kikubeji

Products : 10 different highly nutritious vegetables (at the start)

Start date : 14th May, 2015

□ Background

- The food functionality labeling system boosted public attention to vegetables rich in nutrition and nutrients.
- We set up a section specializing in functional and nutritional vegetables because there used to be no such section on the Internet.
- * The food functionality labeling system is a system under which food functionality may be labeled at the responsibility of an enterprise or other business after submitting a predetermined notification based on scientific grounds. This system went into effect in April 2015.

□ Products

Relaxation
Tomatoes



- Rich in GABA, which helps people relax and sharpens their concentration
- GABA content that is 10 times that of sprouted brown rice, which is high in GABA
- Sweet and deep taste

Runner
Bananas



- High in magnesium, which stimulates the functions of different enzymes
- Extremely chewy in texture and substance, making it ideal as a nutritional supplement while doing sports

Beauty
Salad Leaf
Mix



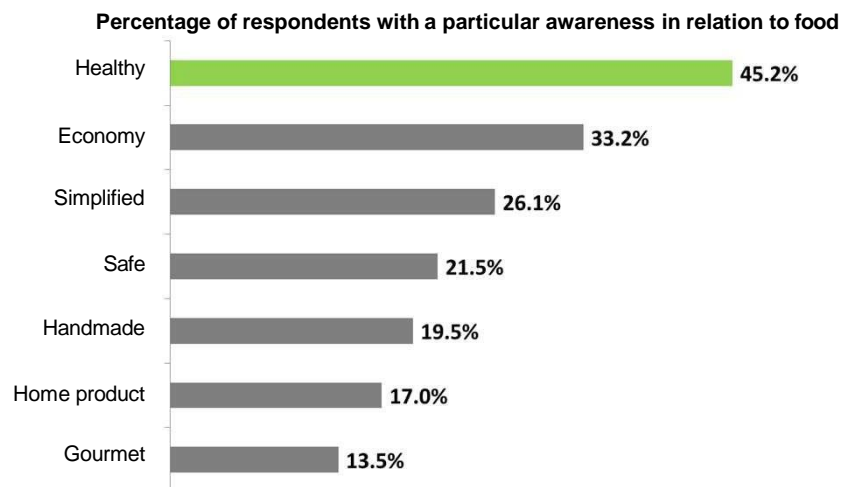
- Beta-carotene content that is three times that of general leaf lettuce
- Beta-carotene is considered to help maintain youth.

④ Research and development in the domain of food combined with health care

② The Food Innovation Lab (tentatively named) is due to be established this coming fall

In response to the growing need for food that meets health needs, we will set up an organization that engages in the independent research and development of innovative technologies. This organization will also collaborate with or support other companies and universities.

□ Background of establishment



Source: Created by Oisix Inc. on the basis of Japan Finance Corporation: Consumer Trend Survey in Fiscal Year 2014

- Nearly half of those surveyed are conscious of health in relation to food.
- An environment has been created through moves such as An amendment to legislation concerning functional food.
- Gathering momentum towards health through food in the market following Proposals on genetic tests regarding food

□ Examples of research subjects

A broad range of subjects will be studied:

- Technology for enhancing the nutrition of fresh vegetables and fruit
- Collaboration between online health care programs and commerce
- Proposals on dietary lifestyles without specific elements or nutrients

□ [Reference] Focus on Food Tech in the United States

A large number of incubating institutions and funds for food and agricultural technologies are being established amid mounting health consciousness among consumers and technological development. (Specifically, 15 funds and incubators and 6 cloud funding platforms were set up in 2014.)

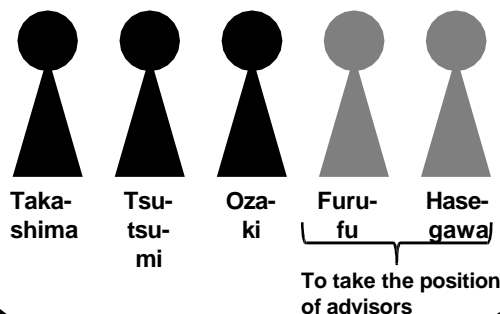


Food Tech Connect [www.foodtechconnect.com]

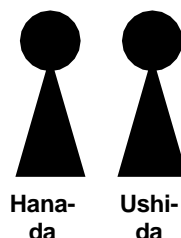
Two full-time directors will resign (and take the position of advisors). New outside directors will be invited, and the operating officer system will be upgraded to improve corporate governance and the management structure.

As of Jun. 2014

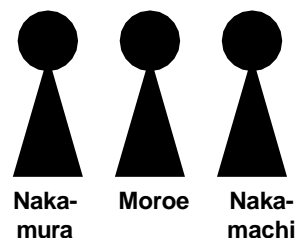
5 full-time directors



2 outside directors

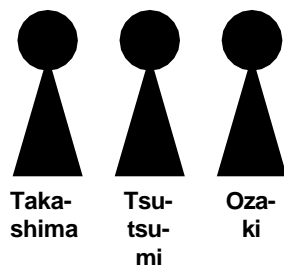


3 outside auditors

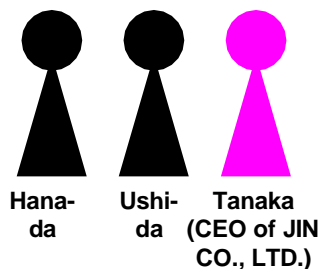


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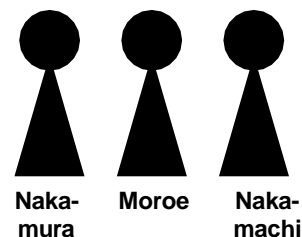
3 full-time directors



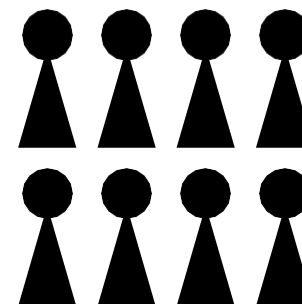
3 outside directors



3 outside auditors



* 8 operating officers



* The appointment of operating officers other than directors began in July 2014.

Profile of new outside director Hitoshi Tanaka

Invited as an outside director in the hope that his knowledge and ideas which led to the commercial success of the JINS PC glasses for computer users and other innovative products will help expand our business.



□ Career

President, CEO and Representative Director of JIN CO., LTD.

Apr. 1981: Joined Maebashi Shinkin Bank (currently, Shinonome Shinkin Bank).

Apr. 1987: Individually founded JIN Products to engage in the manufacture and wholesale of accessories and miscellaneous goods.

Jul. 1988: Established JIN Ltd. (currently, JIN CO., LTD.) and assumed the posts of President, CEO and Representative Director (to present)

Jun. 2011: Assumes the posts of President, CEO and Representative Director (to present) of BRAND NEW DAY CO., LTD.

□ Features of JINS

- A unique SPA system and pricing system were adopted to become Japan's leader in glasses sales
- Created a light eyewear market with the Airframe.
- Created a new market of functional eyewear with glasses for computer users, anti-pollen glasses, moisture retention glasses, and other types of glasses
- Different pieces of evidence have been established in the domain of health care through joint studies with universities and medical institutions
- Operating around 300 domestic stores under direct control, as well as overseas businesses in China and in the United States