



Oisix

FY2015 Result Report

(April 1, 2015 – March 31, 2016)

May, 2016

Oisix Inc

Disclaimer

This material was prepared based on information available and views held at the time it was made. Statements in this material that are not historical facts, including, without limitation, plans, forecasts and strategies are “forward-looking statements”. Forward-looking statements are by their nature subject to various risks and uncertainties, including, without limitation, a decline in general economic conditions, general market conditions, technological developments, changes in customer demand for products and services, increased competition, risks associated with international operations, and other important factors, each of which may cause actual results and future developments to differ materially from those expressed or implied in any forward-looking statement.

Results

■ 15 consecutive years of sales record

- Sales 20,158 million yen **(111.6% YoY)**
- Recurring Profit 806 million yen **(120.6% YoY)**
- Net Profit 538 million yen **(155.1% YoY)**

E-Commerce (Oisix.com)

■ Number of Subscribers: 111,036 **(114.8% YoY)**

- Increase in the number of subscribers for the KitOisix, the premium ready to make meal package

■ Capital investments for the new processing plant

- To meet the demand for the KitOisix

Other Business

■ Overseas (Oisix Hong Kong)

- Increase in Sales by 137% YoY, and turned profit for the yearly basis

■ Store Business

- Increase in the number of "Shop-in-Shop", an island retail space in other retail stores

■ Novelty

- Adopted for Suntory's "Kinmugi Off" for the second consecutive years

1. FY2015 Results
2. FY2015 Summary of activities
3. FY2016 Strategy

1. FY2015 Results

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(1) FY2015 Results

Oisix

- Sales increased by 111.6% YoY to 20.1 billion yen due to increase in the number of subscribers.
- Recurring profit increased by 120.6% YoY to 806 million yen, despite fare increase by Yamato Transport by approximately 100 million yen.
- Net profit increased by 155.1% YoY to 538 million yen.

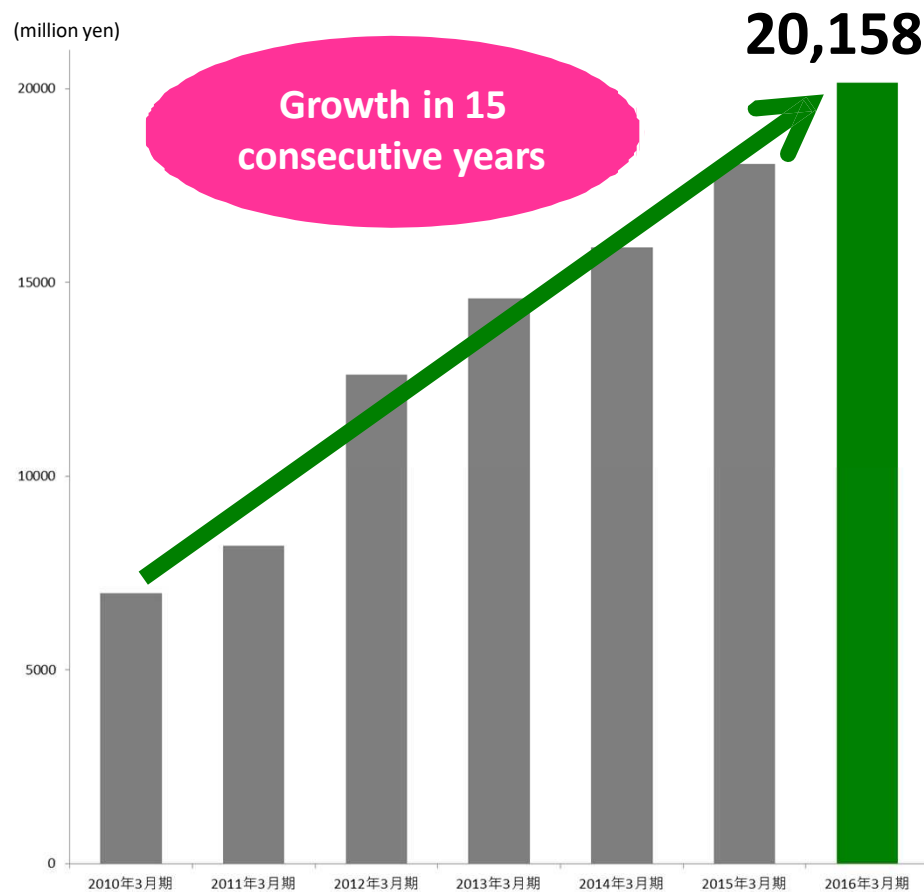
(mil yen)	FY2014	FY2015 Plan	FY2015 Result	YoY	vs Plan
Sales	18,060	20,000	20,158	111.6%	100.8%
Operating Profit	648	750	774	119.3%	103.2%
Recurring Profit	668	770	806	120.6%	104.7%
Net Profit	347	480	538	155.1%	112.2%

(2) Trends in Sales and Profit

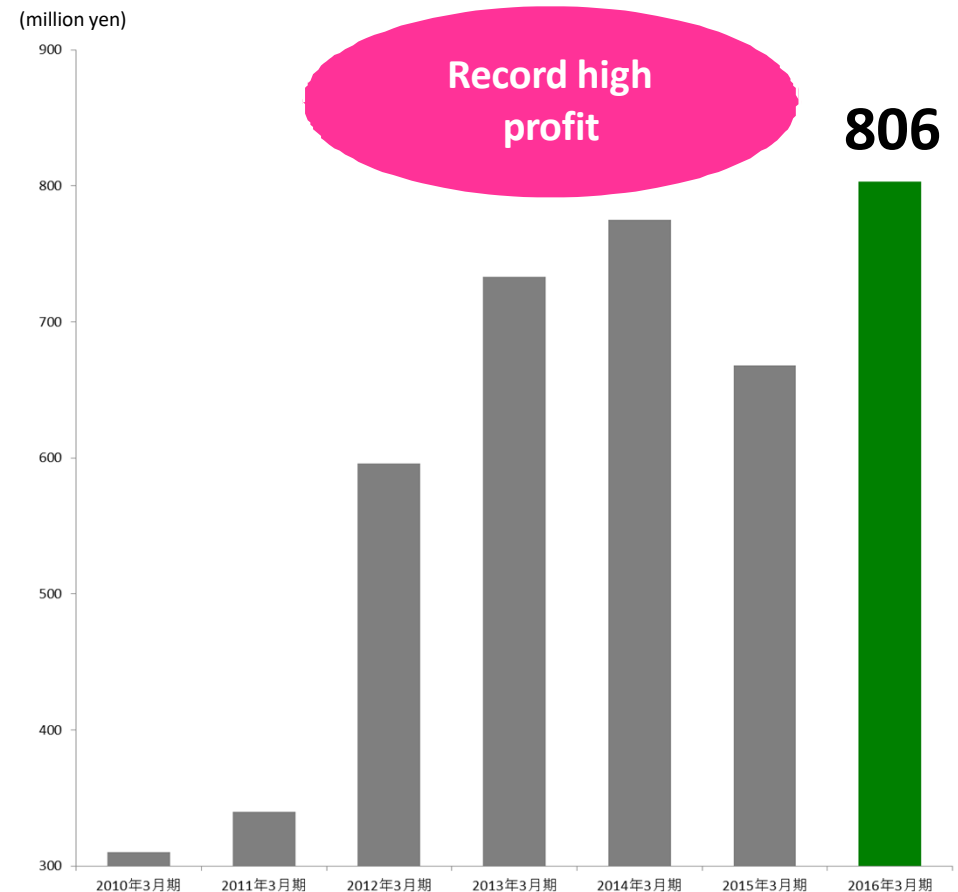
Oisix

- Record high Sales surpassing 20 billion yen.
- Record high Recurring Profit of 806 million yen.

■ Sales



■ Recurring Profit

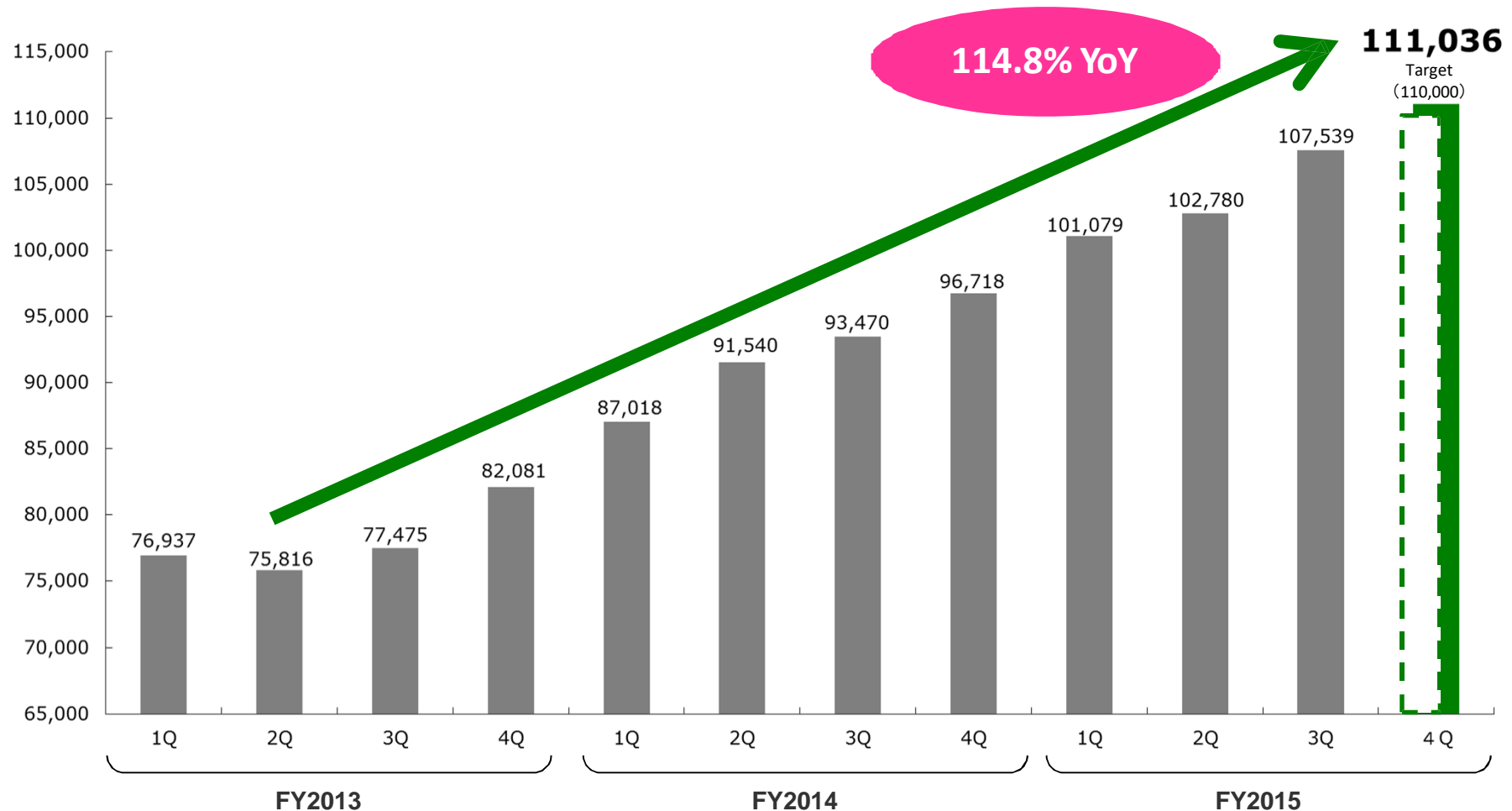


(3) E-Commerce Business - Major Indicator

Oisix

1. Number of Subscribers

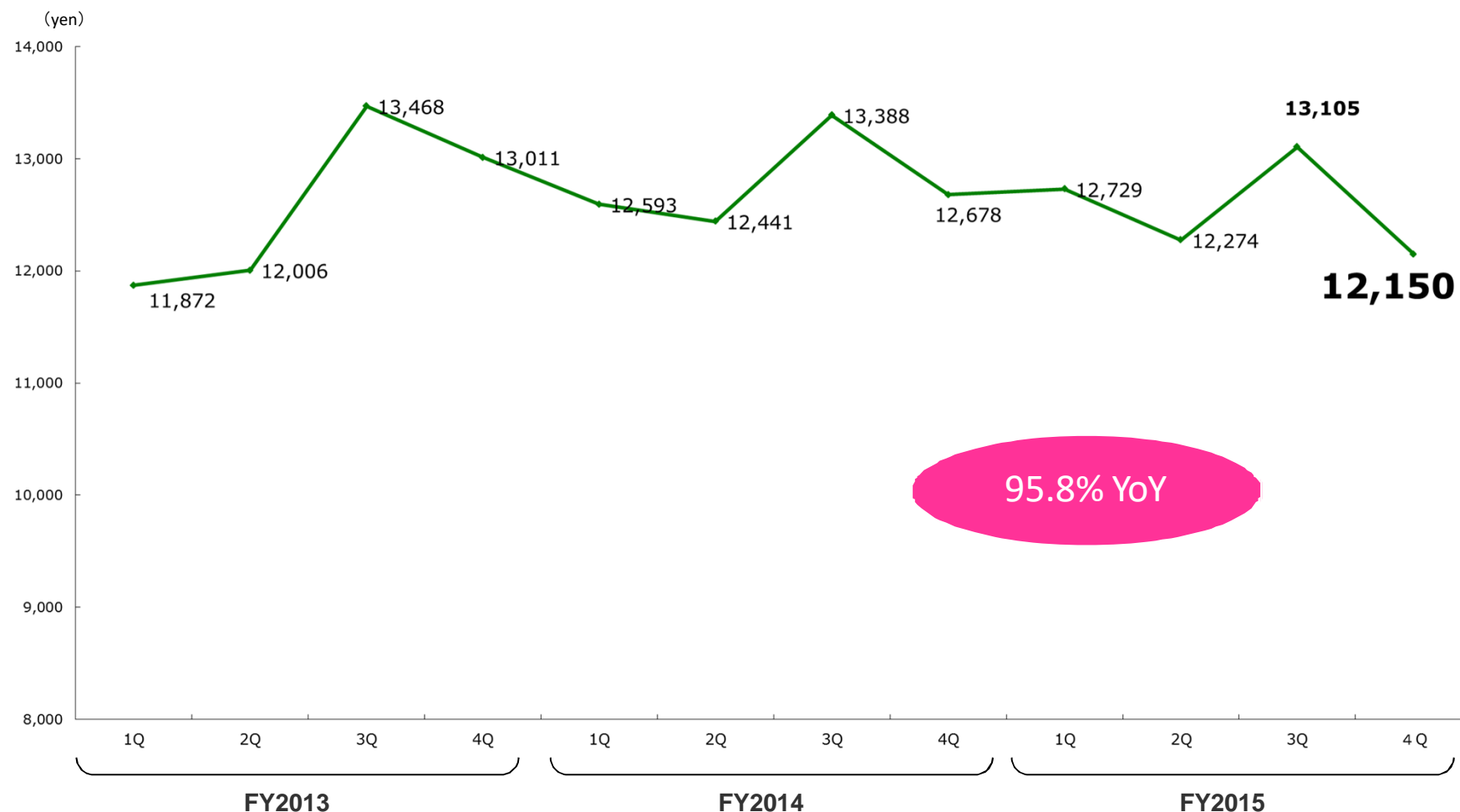
The number of subscribers increased from 96,718 to 111,036 YoY, achieving the target.



(3) EC Business - Major Indicator

2. ARPU (Average Revenue Per User)

The overall ARPU was down 4.2% YoY due to slight decrease in the purchase frequency and slight increase in the purchase price per order.

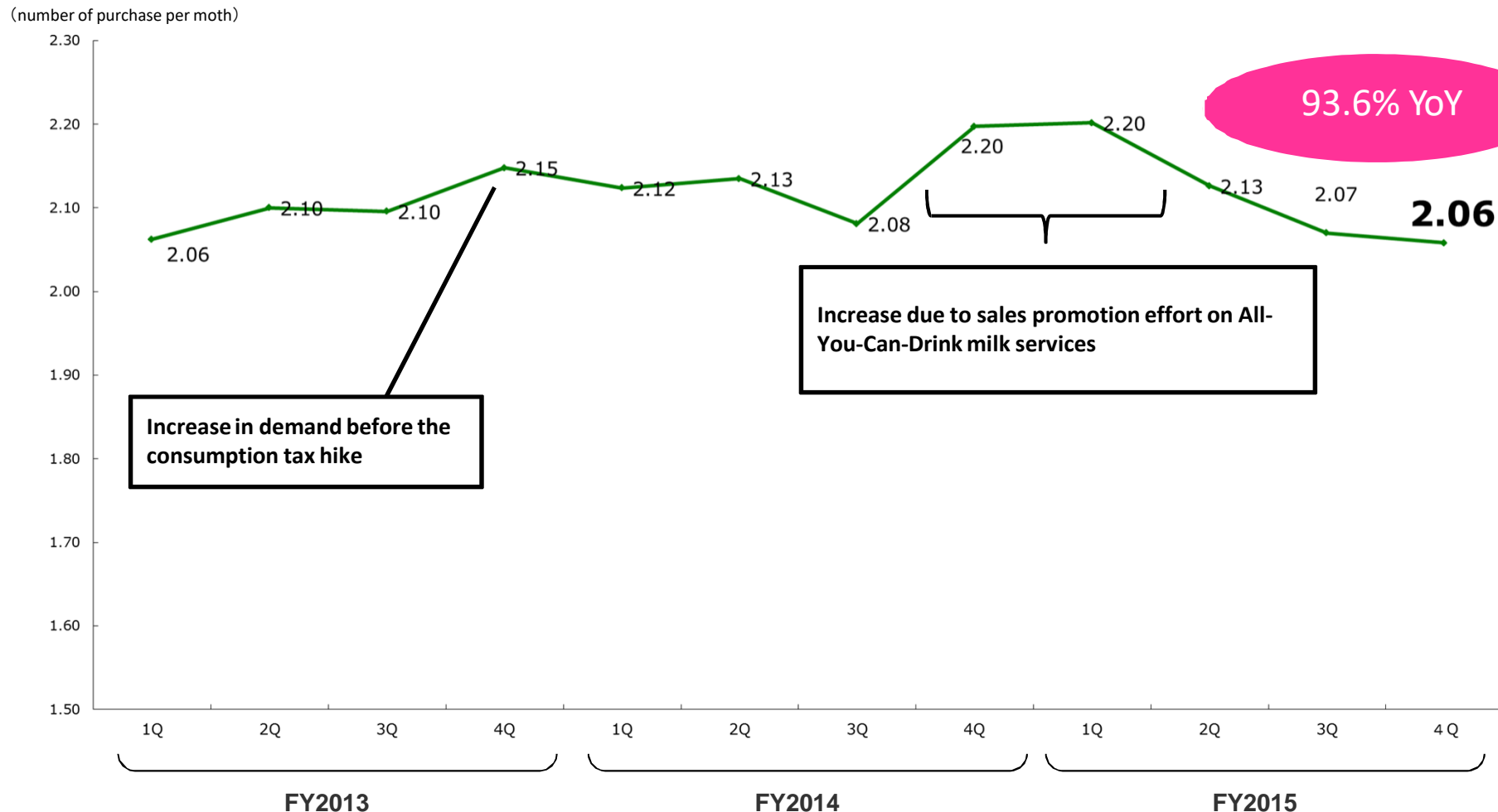


(3) EC Business - Major Indicator

Oisix

2-1. Purchase Frequency

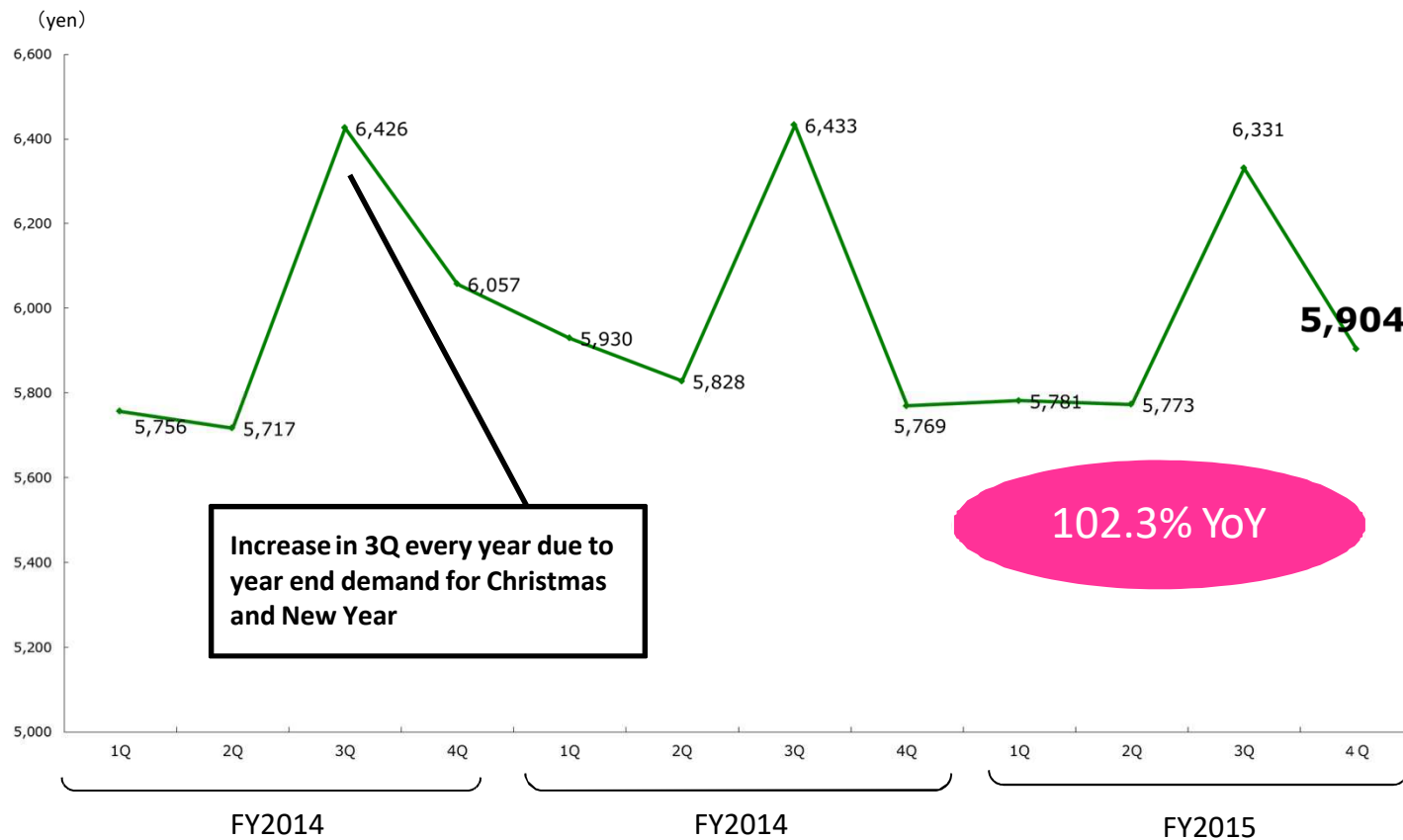
Decline in purchase frequency YoY was due to an increase in family users who tends to cancel orders during holidays. This was resulted from increase in KitOisix users.



(3) EC Business - Major Indicator

2-2. Purchase Price per Order

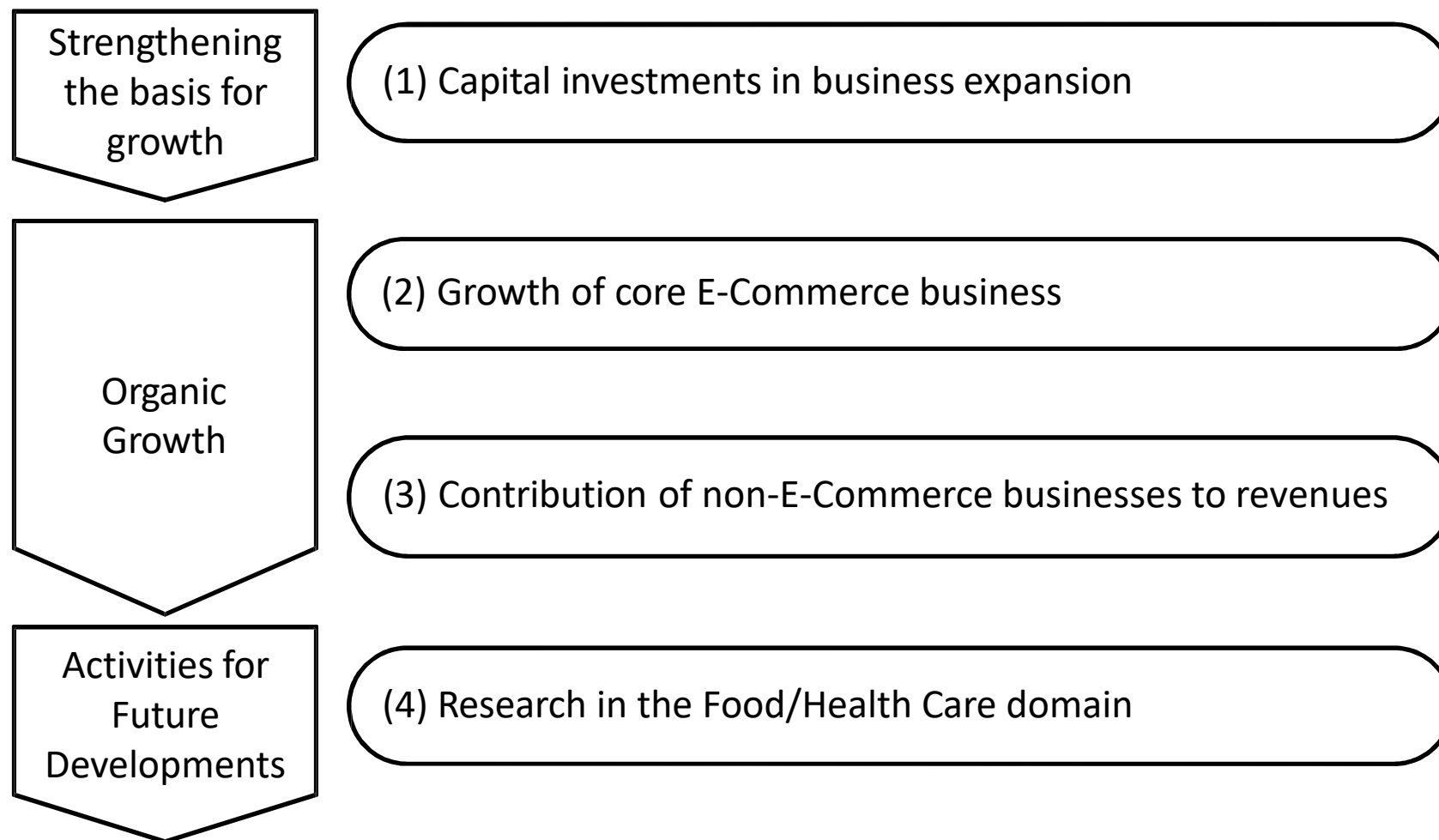
- Increase in Purchase Price per Order YoY was due to an improvement in usability on both PC and smartphones.
- Price gap between PC and smartphones has continued to narrow due to improvements in User Interface on smartphones.



1. FY2015 Result

2. FY2015 Summary of activities

3. FY2016 Strategy



(1) Capital investments in business expansion

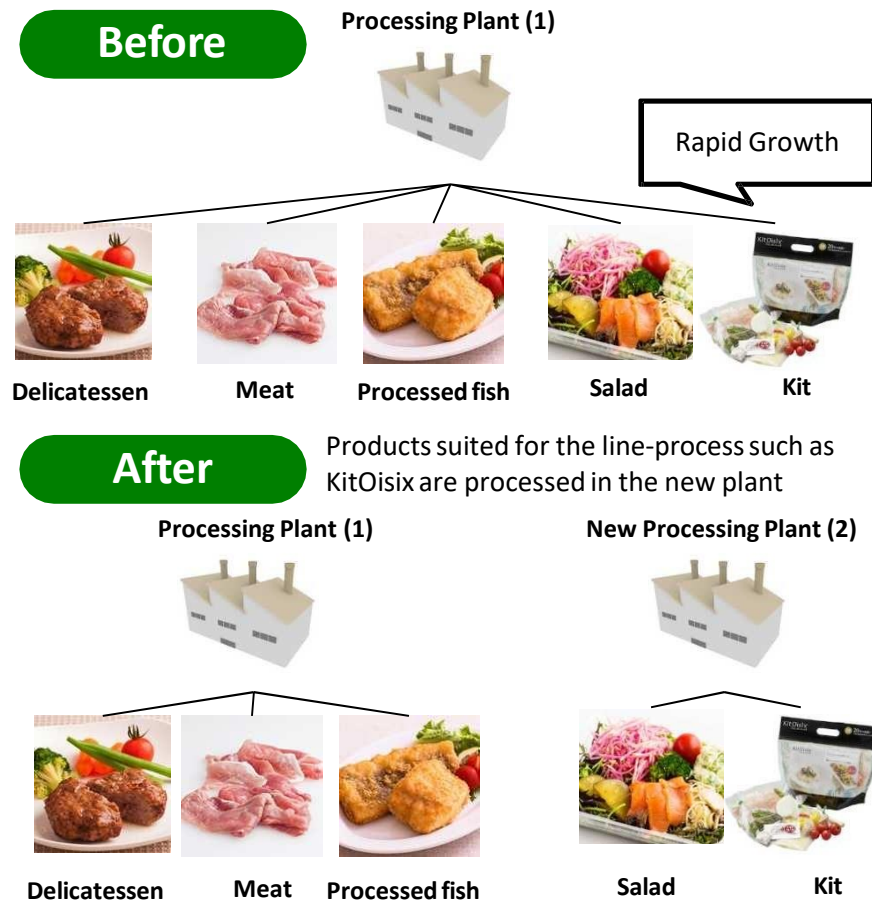
Cost reduction for the KitOisix through the construction of the new processing plant

(1) Capital investments in business expansion

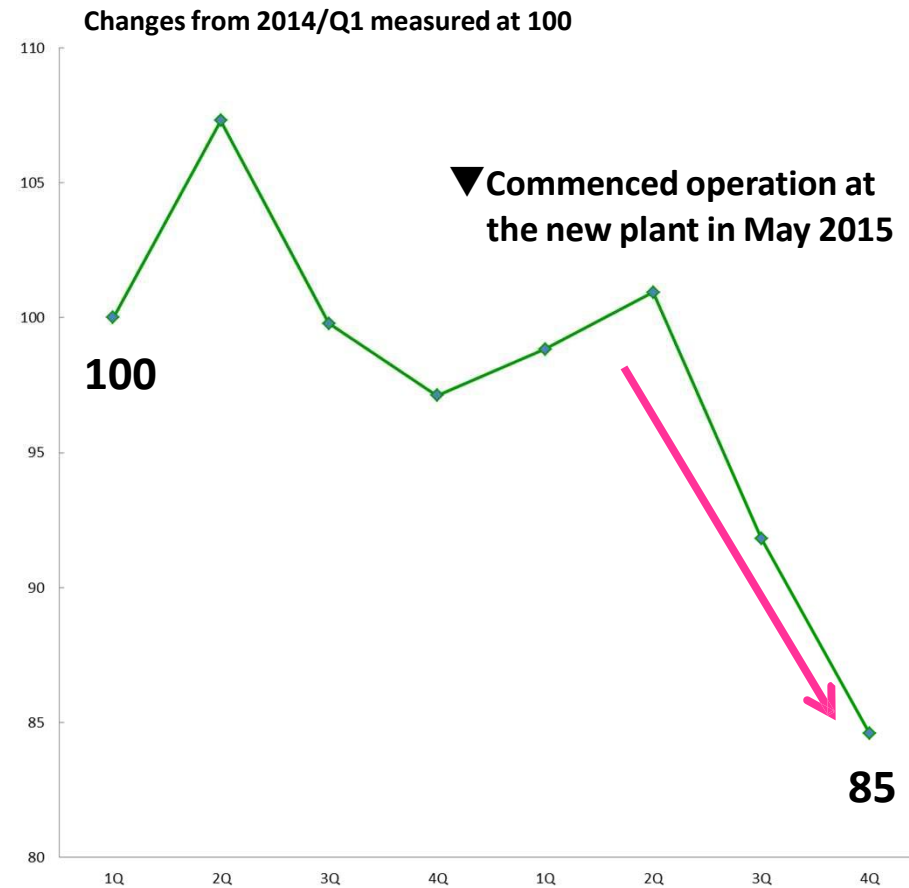
Oisix

- The new plant in May 2015 to expand the production capacity for KitOisix.
- Achieved cost reduction by re-designing the production process.

■ New processing plant in May 2015



■ Cost ratio of KitOisix



(2) Growth of core E-Commerce business

- (1) Growth in the number of KitOisix course members
- (2) Increase in purchase price per order due to improved User Interface of smartphones

(1) Growth in the number of KitOisix course members *Oisix*

- Enhanced services in response to time-saving needs from women taking active roles in society.
- Members surpassed 30 thousand as a result of new products and services.

■ About KitOisix



- Oisix safety standards
- Only takes 20 minutes to prepare main and side dishes
- Seasonal vegetables

■ Main initiatives in FY3/2016



Extended
expiration date
to 5 days

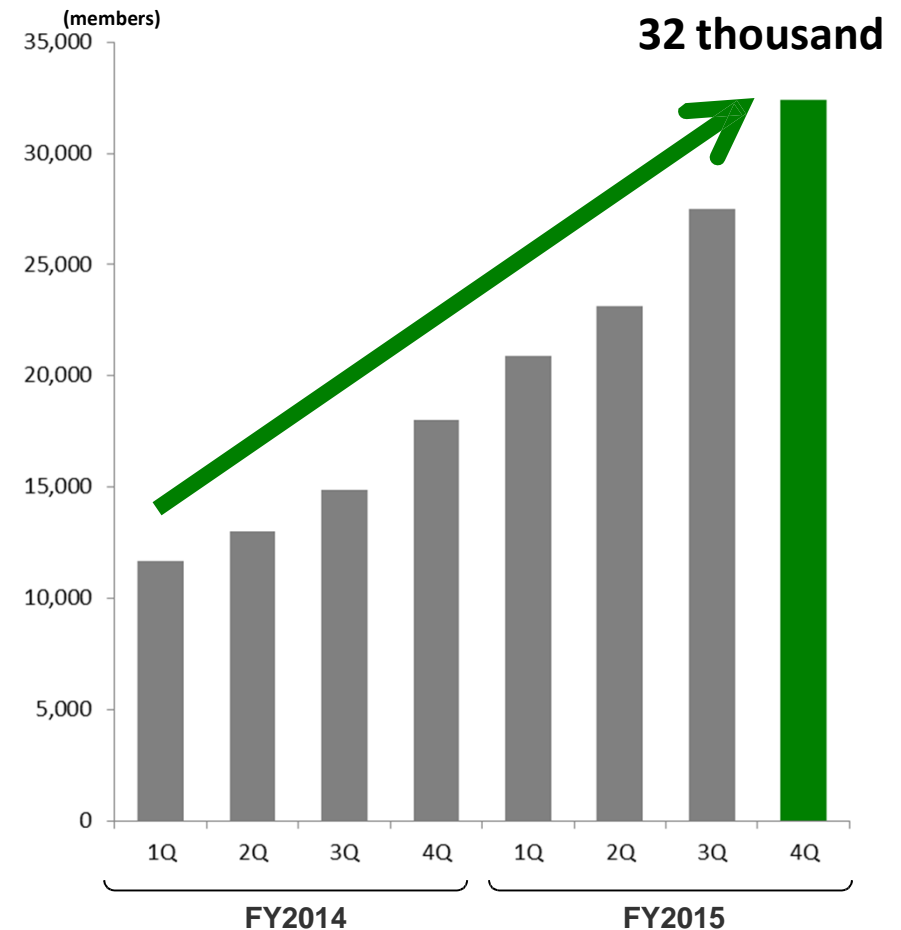


Salad Kit



Frozen Kit

■ Number of KitOisix Members



(2) Increase in purchase price per order due to improved UI of smartphones *Oisix*

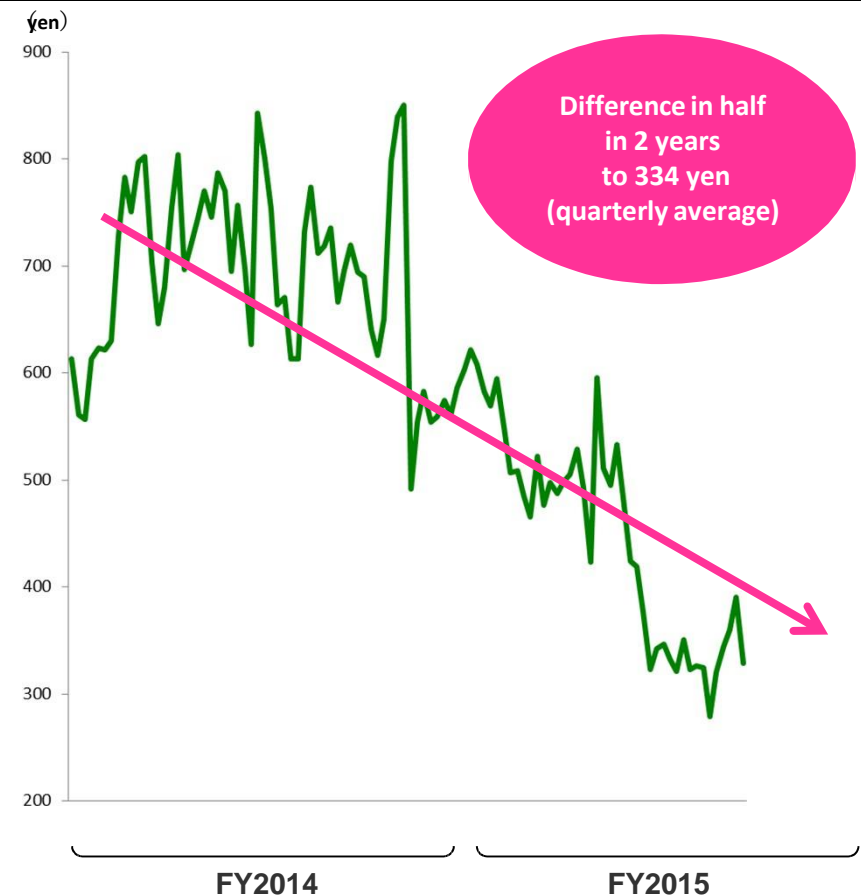
- Increase in purchase price per order via smartphones due to:
 - improved navigation system, etc.
 - improvements in product/featured images offering sizzling effects

■ Improvements in the UI of smartphones



- Improvement of product categories
- Improvement of the navigation system
 - Clarification of the shopping flow
 - Promotion of browsing through the footer navigation
- Reduction of guiding lines for cancellations
- Improvement of product/featured images

■ Difference in purchase price per order between PC and smartphones (PC- Smartphones)



(3) Contribution of non-E-Commerce businesses to revenues

- (1) Hong Kong business turned profit for the yearly basis
- (2) Improvements in profitability in the store business
- (3) Strengthening of the novelty business

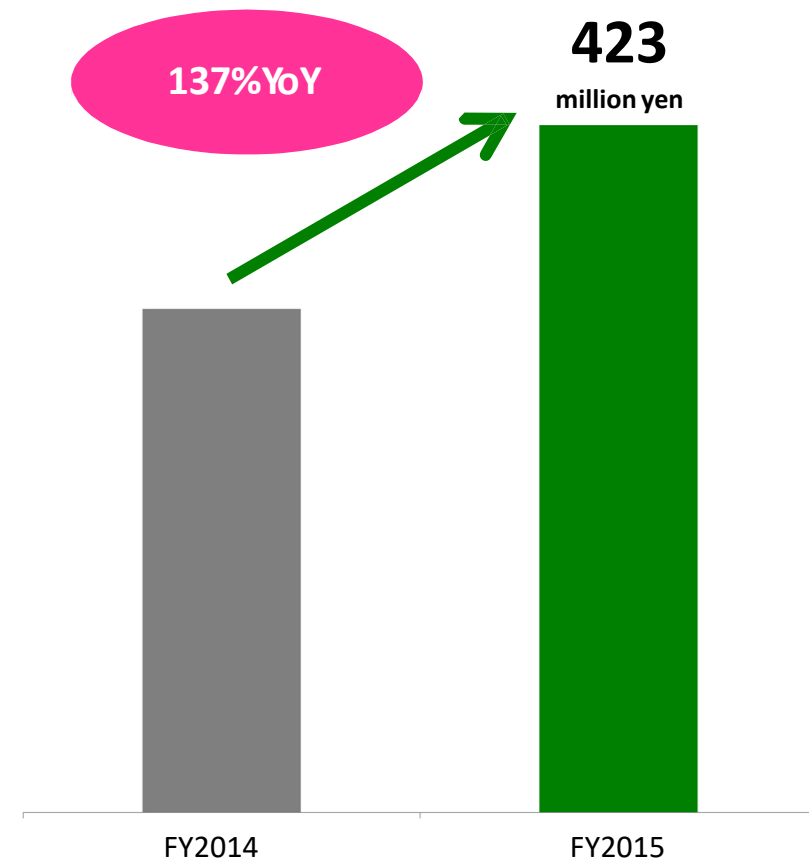
(1) Hong Kong business turned profit for the yearly basis *Oisix*

- Sales grew stably through the introduction of subscription services.
- A local subsidiary was established to expand the product lineup and strengthen the promotional activities.

■ Oisix Hong Kong website



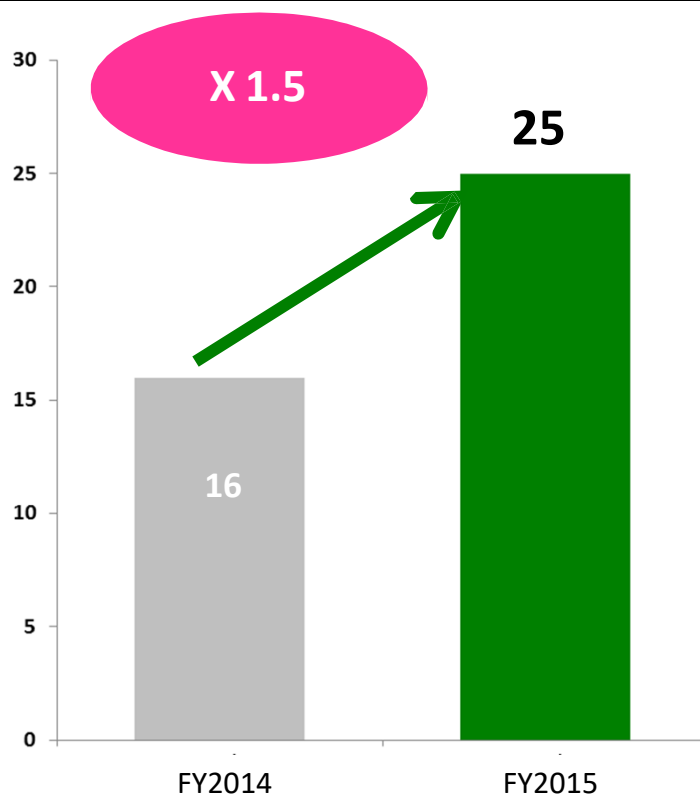
■ Turned prof for the yearly basis



(2) Improvements in profitability of the store business *Oisix*

- The number of “Shop-in-Shop” stores grew from 16 to 25.
- Profitability has improved by approximately 60 million yen, supported by efforts to improve the earnings structure of Kichijoji store.

■ Number of “Shop in Shop” stores



■ Kichijoji store



■ Improvements in earning structure of Kichijoji store

- Improvements in the floor lay-out
- Improved efficiency of in-store operations through the consolidation of the delicatessen processing base
- Reduced disposal losses by improvements in forecasts on demand

(3) Strengthening of the novelty business

Oisix

- Brand awareness has increased with the adoption of our products as a novelty by major clients that advertise their products nation-wide.

■ Adopted as a novelty for "Kinmugi Off" for two consecutive years



■ List of major clients in FY2015

- Panasonic Corporation
- Fujicco Co., Ltd.
- Kewpie Corporation
- Ajinomoto Co., Inc.
- Nippon Flour Mills Co., Ltd
- Kellogg's
- Daiwa House Industry Co., Ltd
-etc

(4) Research in the Food/Health Care domain

Started trial sales of food and health care products

Started trial sales of food/health care products

Oisix

- Trial sales for functional foods and highly nutritious vegetables and fruits.
- Trial sales for products not containing specific allergens, as well as products having low amount of carbohydrates.

■ Highly nutritious vegetables



■ Gluten-free



■ Sugar-free



1. FY2015 Result
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Vision

Growing into the dominant top player in the area of “Food” and “Subscription Commerce”

Strategy

(1) Evolution of Oisix.com

- (i) Empowerment of the premium time-saving service**
- (ii) Enhancement of brand awareness**
- (iii) Strengthening of food/healthcare service**

(2) Evolution of the subscription platform

(3) Expansion into the business for seniors/shopping refugees

Strategy

(1) Evolution of Oisix.com

- (i) Empowerment of the premium time-saving service**
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(2) Evolution of the subscription platform

(3) Expansion into the business for seniors/shopping refugees

(1) Evolution of Oisix.com

Oisix

(i) Empowerment of products related to the premium time-saving service

- Evolution of the KitOisix service.
- Introducing other products related to the premium time-saving service.

■ Evolution of KitOisix

Empowerment
of the chef's
menu



Collaboration with chefs
from Michelins, famous
restaurants, and cooking
experts

Upgrading the
quality of the
Best-if-eaten-
within-five-
days Kit and
Frozen Kit



Additional ingredients for
enhancement of variation

Empowerment
of the Kit for
events



Collaboration with
Halloween,
characters and local
governments

■ Other premium time-saving products

Cut vegetables



Carrots



Potatoes

Frozen
vegetables



Tomatoes



Italian Mix Veges

Fruit desserts



Fruit Cake



Fruit Jello

(1) Evolution of Oisix.com

Oisix

(ii) Enhancement of brand awareness

- As we accelerate the realization of our corporate philosophy, "Rich varieties of foods for the maximum number of people," we have decided to change the logo to reflect the anticipated scale of business where sales will have increased from 20 billion yen to 100 billion yen.

■ Renewal of the brand logo



Oisix

■ New logo



■ Joint design with Mr. Manabu Mizuno



- Representative of the Good Design Company
- Distinguished Associate Professor at Keio University
- Actively working on a brand creation, logos, packages, shop design, and consulting
- Works include "iD" of NTT Docomo, Kubara Honke, Kayanoya, Kumamon, Nakagawa Masashichi Shoten, etc.

(1) Evolution of Oisix.com

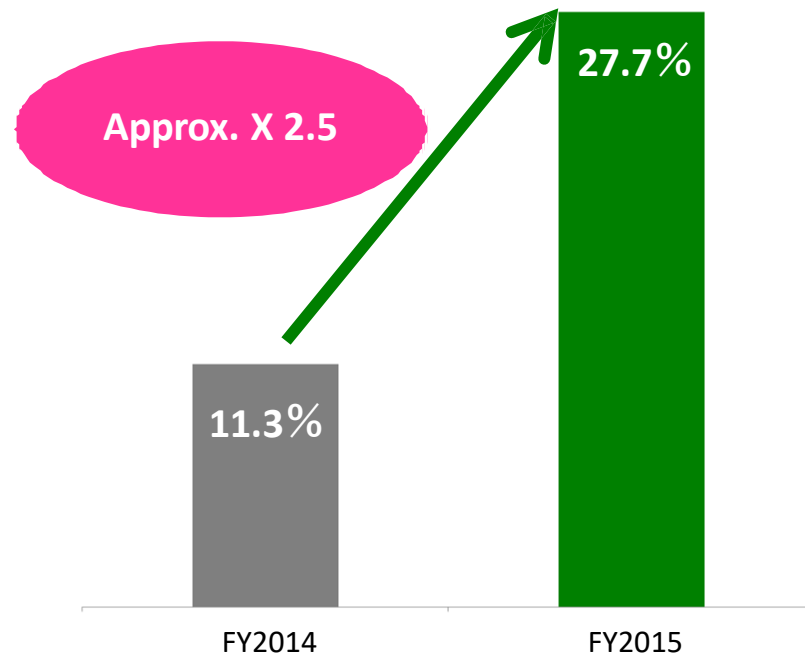
Oisix

(ii) Enhancement of brand awareness

- Promotion of the PB products to enhance the communication of the concepts.
- Renewal of “Shop-in-Shop” stores and expansion of the sales of the PB products.

■ Sales ratio of the PB products

*Percentage of PB products in the sales of processed products



■ Brand awareness in “Shop-in-Shop”



* Image of the renewal

(1) Evolution of Oisix.com

Oisix

(ii) Enhancement of brand awareness

- Holding of events to express thanks to food producers or give awards to excellent farmers, thereby facilitating branding based on fruit and vegetables.

■ Tokyo Harvest 2015

An event to deliver the messages of respect and thanks from the people of Tokyo to farmers nationwide.



■ N-1 Summit 2016

An opportunity for excellent farmers to come together and inspire each other. A variety of activities were promoted. Awards were given to food producers who had produced items most highly regarded by customers.



[Reference] Supporting activities for Kumamoto Earthquake *Oisix*

- In addition to providing temporary support, developed plans to continue supporting producers and victims of the earthquakes by increasing transactions and through cooperation on the branding of the products.

■ Delivered messages from customers to farmers



Delivered 300 messages from customers to Mayumi Farm, a producer of Tatsuya no Ninjin (carrots), on April 23.

■ Supplied vegetable juice and water



- Provided six tons of water and 3,000 cans of Vegeel (vegetable juice) to support victims in collaboration with local farmers on April 18.



- Delivered 3,400 cans of Vegeel to eight organizations that help pregnant women and mothers with small children.

■ Continued support activities through the purchase of products (eat & send)

商品の購入を通じて継続的な復興への支援を

EAT and SEND for



- Support disaster-stricken areas through the purchase of products.
- Launched pages on the web featuring products for farmers who suffered damages.

(1) Evolution of Oisix.com

Oisix

(iii) Strengthening of food/healthcare

- Reinforce the sales of highly nutritious vegetables and processed products
- Considering the establishment of the new healthy course in addition to the enhancement of the range of health-conscious products.

■ Kale



- Sales promotion of kale, which is gaining a lot of attention as healthy food in Europe and the United States.
- Sale as the Salad Kit and collaborations with ramen noodle houses.

■ Cold Press Vegetable (beverage)



- Healthy beverage made from juice of vegetables and fruit that are squeezed at low temperature and low speed, ensuring that the nutrients remain intact.
- Popular among celebrities and models in Europe and the United States.

Strategy

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(2) Evolution of the subscription platform

(3) Expansion into the business for seniors/shopping refugees

(2) Evolution of the subscription platform

Oisix

- Expansion and strengthening of collaboration with other business partners.
- Assigned Yusuke Tsutsumi, General Manager of EC Business Division, as the responsible person for collaborative business.

■ Existing main companies in collaboration

JV



Alliance



Fulfillment and
marketing
support



■ Yusuke Tsutsumi drives collaborative business



- Yusuke Tsutsumi has undertaken assignments as a Director since the foundation of the Company.
- He has driven the growth of EC Business, developing it into an undertaking in excess of 18 billion yen.

Strategy

(1) Evolution of Oisix.com

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(3) Expansion into the business for seniors/shopping refugees

(3) Expansion into the business for seniors/shopping refugees

Oisix

- Tokushimaru Inc., a company conducting a moving supermarket business targeting seniors/shopping refugees, to be a subsidiary company.
- Starting to develop business for customer segments that are difficult to reach with internet.

■ Tokushimaru Inc.

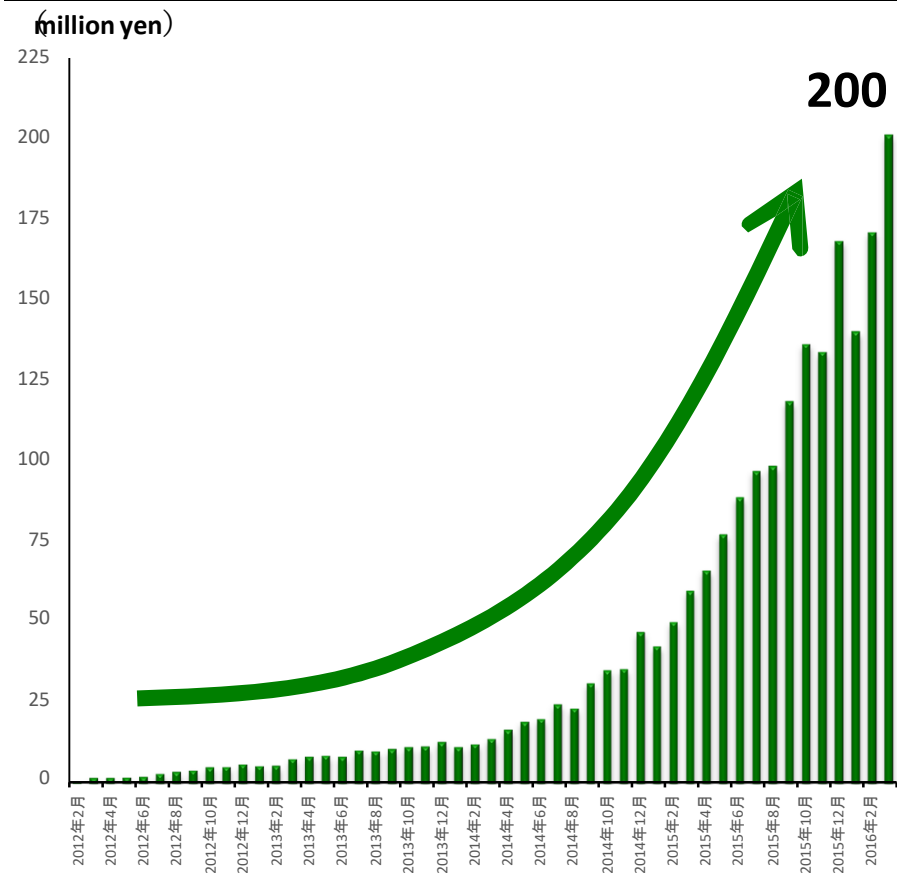


- Started operation in Tokushima in 2012
- Mobile supermarket business with more than 100 vehicles nationwide
- Main customers are in their 70s to 80s and are shopping refugees
- Visit customers' home with vehicle loaded with 1,200 merchandise in 400 categories

■ Mobile supermarket “Tokushimaru”



■ Monthly distribution amount



Investment Plan

- (1) Strengthening the functionality/stability of the subscription platform**
- (2) Expansion of Oisix Dining Center (processing plant)**

(1) Strengthening the functionality/stability of the subscription platform *Oisix*

- Investments in systems to improve the level of services and to prepare for business growth.
- Expand DB servers to support the business structures that are becoming more complex on the Company's platform.

■ Outline of the strengthening of functionality

Personalization	<ul style="list-style-type: none">• Functionality to recommend personalized sets of shopping menu based on the behavior/tastes of customers
Reduction in lead-time	<ul style="list-style-type: none">• Reduction of number of days from order to delivery
Overseas	<ul style="list-style-type: none">• Integration of the system for Hong Kong website, currently managed separately, in line with the development of overseas operations

■ Strengthening of stability

Own business	  
Collaborative business	 
Contracted service business	

Planning to expand DB servers to be prepared for further expansion, increase businesses, and improve stability

(2) Expansion of Oisix Dining Center (processing plant)

Oisix

- The dining center was constructed to increase the production capacity by four times, while shipments already increased by double.
- Further expand capacity as we focus more on the premium time-saving services.

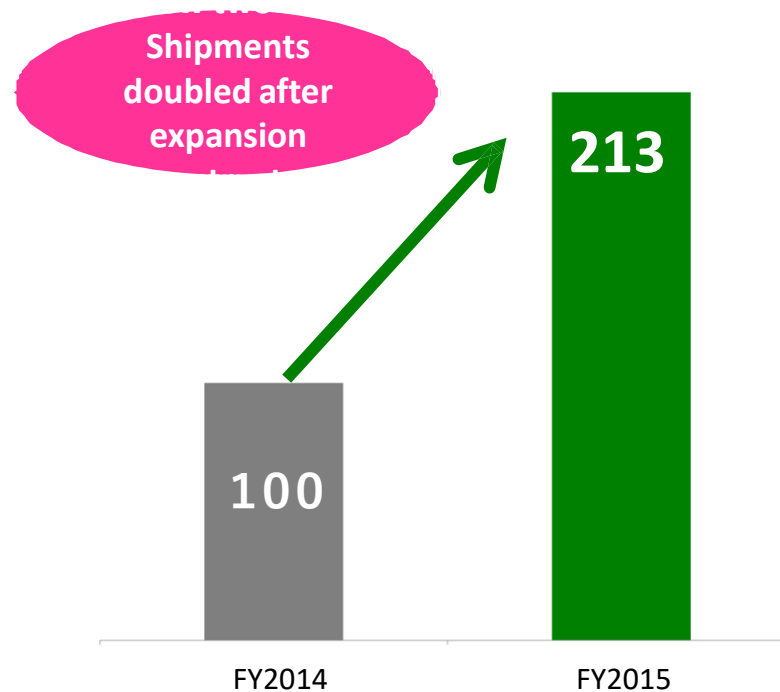
■ External view of Oisix Dining Center (processing plant)



* Constructed in the neighborhood of Ebina Distribution Center (Oisix Station) in 2015

■ Growth of monthly shipments of KitOisix

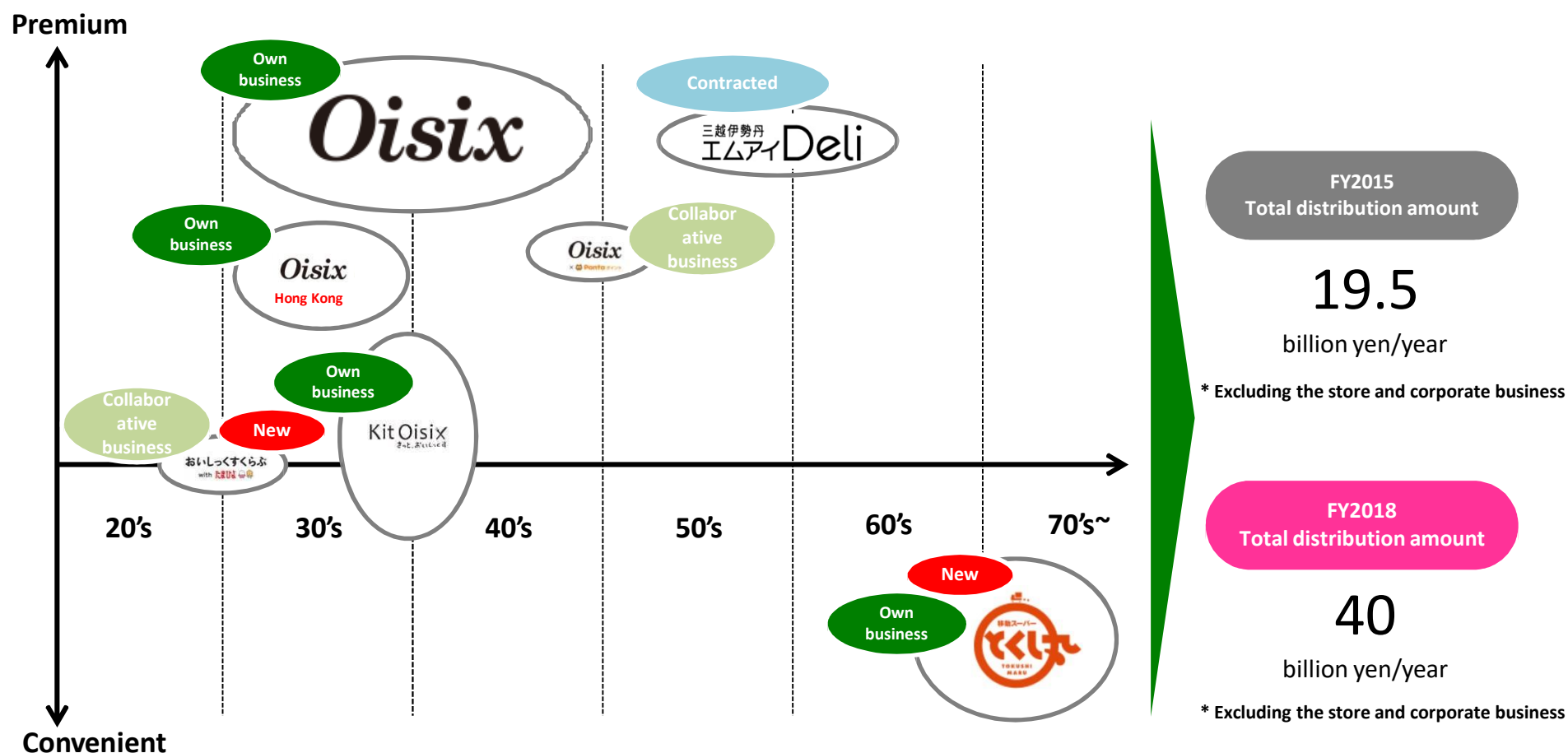
※ Measuring shipments in March 2015 at 100



Mid-term Growth Strategies

Oisix

- Focus on the expansion of the subscription commerce platform while developing the existing own/collaborative/contracted business.
- Also challenge to expand the newly launched business (with Tamahiyo, subscription service to mothers) and the acquired business (Tokushimaru-mobile supermarket).



Forecasts for the FYE March 31, 2017

Oisix

- Aiming at 23 billion yen Sales by accelerating the growth rate.
- Also to prepare for the growth in the following years.

(million yen)	FY2014 Result	FY2015 Result	FY2016 Plan	YoY
Sales	18,060	20,158	23,000	114.1%
Operating Profit	648	774	820	105.9%
Recurring Profit	668	806	830	102.9%
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Target number of Subscribers

Oisix

