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To whom it may concern

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**Notice regarding the Management Integration (Merger) of Oisix Inc. and DAICHI WO MAMORU KAI Co., Ltd.**

Oisix Inc. (hereafter Oisix) and DAICHI WO MAMORU KAI Co., Ltd. (hereafter 'DWMK'), having resolved today at meetings of the Board of Directors of both companies to carry out a share exchange (hereafter 'the Share Exchange') towards an management integration through merger (hereafter 'the Merger') slated for Autumn 2017, have entered into a share exchange agreement (hereafter 'the Share Exchange Agreement'), as outlined below.

Note: The Share Exchange is planned to take place following shareholder approval at extraordinary general meetings of both companies that are due to take place before the last day of February 2017.

Going forward, in a spirit of equality, both companies will work towards the Merger through concrete consultation and study.

NOTICE

1. Purpose of the Merger

In recent years, amid sales channel diversification as a result of ever-greater smart phone penetration and the use of SNS, etc., the E-Commerce (EC) industry has seen consumer needs also diversify, along with changes in lifestyle and values – partly due to greater health-consciousness and an increase in double-income households. Moreover, in Oisix's main business domain – food with a focus on safety, consumers continue to be very aware of safety and reliability.

Against the backdrop of this sort of environment, since its establishment in 2000 and in accordance with its corporate philosophy "Fabulous Food. To as many people as possible," Oisix has worked to establish its own identity and competitive superiority in the growth EC market by providing a food delivery service of high quality, high value-added ingredients such as safe and reliable foodstuffs and products that meet customers' time-shortening needs because they can be cooked in a short time.

Meanwhile, DWMK has been operating for over 40 years as a trailblazer in the field of delivery to subscribers of organic and pesticide-free foodstuffs, and has a contracted-producer network of around 2,500 individuals who supply agricultural, livestock and marine produce, and additive-free processed foods, etc., with a focus on safety and reliability.

When it comes to ensuring food safety, both companies have established standards for the production and handling of their products, in addition to which they share a philosophy to provide consumers only with what is delicious.

Given these circumstances, since around October 2016 both companies have had occasion to meet, hold discussions about and deliberate the Merger, arriving at the conclusion that integrating their management resources and forming a new group would be an effective way for Oisix and DWMK, two companies that share a main business

of delivering to the home high quality and high value-added ingredients with a focus on safety, to expand the market and make an even greater contribution to a society that is better through food.

Because there are differences in the average age, etc., of the two companies' respective home-delivery customer base, it is foreseen that the Merger will enable expansion through new customer segments while retaining existing customers, and that it will be possible as a group to be more competitive in the market.

At the same time, streamlining those parts of the supply chain, from procurement to sales, that the two companies have in common is expected to translate into an increase in profit margins, which we think will lead to an improvement in both our enterprise values.

Through the Merger, both companies will consolidate their management resources with the objective of becoming a business that can make an even bigger contribution to consumers, producers, customers, shareholders, employees and society.

In order to maximize synergy from the Merger, the plan going forward is for a Preparatory Merger Committee to be set up in each company, to create a robust business platform that makes use of both parties' marketing knowhow and delivery and producer networks to realise expansion centered around the home delivery business and to win growth opportunities. Furthermore, as regards the home-delivery business after the Merger, the policy is to continue to develop business through both the existing brands, Oisix and DAICHI Delivery. Both companies will polish as never before the brands that they have built up, and discuss in the Preparatory Merger Committee concrete measures to comprehensively deliver 'an enterprise that promises a reliably greater and healthier variety of meals and ingredients.'

Management structure following the Merger will be decided through consultation between the two companies, in the context of the merger's objective and effect. Please note that the plan for board directors, with the objective of maximizing the merger's effect, will be lead by Mr. Fujita, the president of DWMK acting as Chairman, and Mr. Takashima, the president of Oisix, acting as the President of the merged entity.

## 2. Outline of the Share Exchange

### (1) Share Exchange Schedule (dates)

Board Meeting decision to enter into the Share Exchange Agreement (both companies)	Thursday, December 22, 2016.
Entry into the Share Exchange Agreement (both companies)	Thursday, December 22, 2016.
Notice of Extraordinary General Shareholders' Meeting Record Date (both companies)	Monday, December 26, 2016 (TBC)
Record Date of Extraordinary Shareholders' General Meeting (both companies)	Tuesday, January 10, 2017 (TBC)
General Meeting for shareholder approval of the Share Exchange (DWMK)	Thursday, February 23, 2017 (TBC)
General Meeting for shareholder approval of the Share Exchange (Oisix)	Monday, February 27, 2017 (TBC)
Effective date of the Share Exchange	Friday, March 31, 2017 (TBC)

(Note 1) If required by progress in the Share Exchange procedure both parties may agree for the schedule above to be changed.

(Note 2) The Share Exchange enters into force on condition that both Oisix and DWMK obtain a General Meeting Resolution approving the Share Exchange.

### (2) Share Exchange Method

The Share Exchange shall temporarily mean that in anticipation of the Merger through integration in Autumn 2017, Oisix will be the share exchange full parent company and DWMK the share exchange wholly-

owned subsidiary.

It is assumed that the Share Exchange will be approved at the Extraordinary General Meeting of DWMK shareholders slated for February 23, 2017 and at the Extraordinary General Meeting of Oisix shareholders slated for February 27, 2017.

Going forward, in a spirit of equality, both companies will work towards the Merger through concrete consultation and study. Details shall be swiftly announced as they emerge.

(3) Details of Allocations pertaining to the Share Exchange

	Oisix (share exchange full parent)	DWMK (share exchange 100% subsidiary)
Allocation pertaining to the Share Exchange	1	261
Shares to be granted through the Stock Exchange	Ordinary shares : 2,026,665 (TBC)	

(Note 1) Allocation rate of shares pertaining to the Share Exchange

261 Oisix ordinary shares to be allocated for each DWMK ordinary share.

(Note 2) Number of shares, etc., to be granted to Oisix through the Share Exchange

At the point in time (hereafter 'time of record') immediately before Oisix is to acquire all of DWMK's shares outstanding through the Share Exchange, Oisix plans to grant all DWMK shareholders, in exchange for the DWMK shares that they hold, the number of ordinary shares in Oisix that is arrived at by multiplying their DWMK shareholding by 261. As regards the Share Exchange granting of ordinary shares in Oisix, when the time comes the Company plans to allocate all of the treasury stock it holds (no. treasury stock shares held as at September 30, 2016: 260,042), and for the balance, to issue new ordinary shares. Whereas, DWMK will, in accordance with a resolution by its Board of Directors at a Board meeting to be held by the day before the Share Exchange enters into force, cancel all of the treasury stock held up to the time of record (includes the treasury stock acquired by DWMK through written demands for purchase by those shareholders who are against the Share Exchange). There is also a possibility that acquisition, cancellation, etc., of treasury stock by DWMK will result in volatility in the number of shares to be granted through the Share Exchange.

(Note 3) Treatment of odd-lot shares

All those DWMK shareholders for whom the Share Exchange means holding odd lots of (less than 100) Oisix shares shall receive a dividend that equates to the number of shares they hold, in the event that Oisix pays out an ordinary dividend, the record date being a day after the date on which the Share exchange enters into force. But they cannot sell the odd-lots they hold on the Tokyo Stock Exchange. All those shareholders who hold odd-lots of Oisix shares can, however, after the date on which the Share Exchange enters into force, make use of the following system pertaining to Oisix shares:

- System for acquisition of odd-lot shares (sale of lots of less than 100 shares)

Pursuant to the Company Law of Japan Article 192 Section 1, all those shareholders with odd-lot shares can make a written demand for purchase of their odd-lots to Oisix.

(4) Treatment of new share options and bonds with new share options along with the Share Exchange  
DWMK has not issued any new share options or bonds with new share options.

(5) Management Structure after the Share Exchange

Oisix and DWMK have agreed, on condition that the Share Exchange enters into force, that they will reciprocally second the following Directors to their Boards:

- ① Seconding of Directors from Oisix to DWMK
  - Board Director Kohey Takashima (currently Oisix President and CEO)
  - Board Director Susumu Niimiya (currently Oisix Executive Officer)
- ② Seconding of Directors from DWMK to Oisix
  - Board Director Kazuyoshi Fujita (currently DWMK President and CEO)

3. Details of Allocations pertaining to the Share Exchange, such as the basis of calculation

(1) Details of the basis for and reasoning behind allocations.

In order to ensure a fair and appropriate share exchange ratio (hereafter ‘the Share Exchange Ratio’) to be used in the Share Exchange, Oisix requested that the Share Exchange Ratio be calculated by Seiran Advisory Co., Ltd. (hereafter ‘Seiran Advisory’), a third-party appraiser independent of both Oisix and DWMK.

In meetings today of the Boards of both Companies, the Share Exchange Ratio calculated by Seiran Advisory having been presented to Oisix (please refer to (2) below for details), and careful study, discussion and negotiation with DWMK having taken place, the Share Exchange ratio was deemed fair for all shareholders of both companies’ stock, and it was agreed to implement the Share Exchange.

(2) Items pertaining to the calculation

① The name of the calculating appraiser and its relationship with Oisix.

Seiran Advisory, a third-party appraiser, is a calculating appraiser independent of both Oisix and DWMK that has no connection with parties involved in Oisix or DWMK, and has no significant vested interest in the Share Exchange worthy of mention.

② Outline of Calculation

As described above in (1) Details of the basis for and reasoning behind allocations, in order to ensure the fairness and appropriateness of the Share Exchange Ratio, Oisix requested that it be calculated by Seiran Advisory, a third party appraiser independent of both Oisix and DWMK. In advance of Board Meetings held today, Oisix received from Seiran Advisory, on December 21, 2016, a Calculation Document detailing the result of its appraisal.

To calculate Oisix’s share price, Seiran Advisory employed the average share price method, because the company is listed on TSE Mothers and an average market share price exists.

With the average share price method, taking December 21, 2016 as the appraisal date, the share price is extrapolated from the closing price on the appraisal date and a simple-average of the closing price for each trading day over the periods of 1 month, 3 months and 6 months before the appraisal date.

To calculate DWMK’s share price, because there are several similar listed companies that can be compared with DWMK and it is possible to analogise their share prices, the comparable company analysis method was employed, along with the discounted cash flow (DCF) method, to reflect the state of future business activities in the calculation.

With the comparable company analysis method, calculations are made by dividing the market capitalisation of listed companies of a similar size to DWMK, with similar business and earnings models, by their Price to Earnings Ratio (PER) and Price to Book Value Ratio (PBR), and also by dividing their enterprise values by their Price to Sales Ratio.

With the DCF method, enterprise value is appraised by applying a specific rate of discount to future cash flows based on DWMK’s business projections for FY3/2017 2H through FY3/2021 to arrive at a present value estimate for the company.

Furthermore, it is assumed that information relating to DWMK’s financial projections was logically put together and supplied on the basis of management’s current best-case projections. According to the business plans that form the basis of the enterprise value appraisal, there is no financial year in which significant increases or decreases in earnings is foreseen. Analysis of Seiran Advisory’s Share Exchange Ratio reflects the above information up to and as of December 16, 2016.

As a result of the above, the valuation range, if the stock value of 1 ordinary share in Oisix is taken as 1, is as follows:

Method applied		Result of Share Exchange Ratio Calculation
Oisix	DWMK	
Average share price	Comparable Company Analysis	209.61~461.40
	DCF	242.04~295.52

For the calculation of the Share Exchange Ratio, note that Seiran Advisory as a general rule used data received from both companies and publicly available data, etc., 'as is,' on the assumption that the materials and information it used were all accurate and complete. Seiran Advisory did not itself verify said accuracy or completeness.

(3) Prospect of and reason for delisting

There is no prospect of Oisix delisting with the Share Exchange.

(4) Measures to ensure fairness

① Obtain Calculation Documentation from third party appraisers

Oisix is not a holder of DWMK shares outstanding, but in order to ensure fairness in the Share Exchange Share Exchange Ratio, Oisix requested that the independent third party appraiser mentioned above calculate the share exchange ratio to apply to the Share Exchange. Note that Oisix has not obtained from said third party appraiser any opinions in writing (i.e. Fairness Opinions) as to whether the agreed share exchange ratio is appropriate from a financial perspective for all shareholders concerned.

② Advice from independent law firm

Oisix used Kokubo Law Office, a third party independent of both Oisix and DWMK, as a legal advisor, and received advice from a legal viewpoint about procedures and accommodations, etc.

(5) Measures to avoid conflicts of interest

None of the Members of the Board of Directors of Oisix or DWMK who resolved to carry out the Share Exchange hold additional concurrent positions as Directors or employees of the counterparty, and because no conflicts of interest shall therefore arise from the Share Exchange, no special measures have been put in place.

4. Overview of the Companies conducting the Share Exchange

	Share exchange full parent company	Share exchange wholly-owned subsidiary
(1) Name	Oisix Inc	DWMK Co., Ltd.
(2) Address	1-3-12 Higashi Gotanda, Shinagawa-ku, Tokyo, Japan.	1-3 Nakase, Mihama-ku, Chiba City, Chiba Prefecture, Japan.
(3) Representative Position and Name	CEO and President Kohey Takashima	CEO and President Kazuyoshi Fujita
(4) Details of Business	Sale via the Internet, etc., to general consumers of meals and ingredients with a focus on safety, e.g. specially grown agricultural produce and additive-free processed foods.	Operation of home delivery service of processed foods, sundry goods and agricultural, livestock and marine produce with a focus on safety, reliability and deliciousness.
(5) Capital	¥924mn (as of September 30, 2016)	¥347mn (as of September 30, 2016)
(6) Date Founded	March 31, 2000	November 8, 1977
(7) Shares Outstanding	6,149,188 (as of September 30, 2016)	7,765 (as of September 30, 2016)

(8)	Close of Financial Year	End of March	End of March
(9)	Number of Employees	224 (as of September 30, 2016)	190 (as of September 30, 2016)
(10)	Main Partners	Recruit Lifestyle Co., Ltd. Isetan Mitsukoshi Group Yahoo! JAPAN Benesse Corporation	Softbank Group JR East Station Retailing Co., Ltd. Odakyu Group Lawson Inc.
(11)	Main banks of account	The Bank of Tokyo-Mitsubishi UFJ Sumitomo Mitsui Banking Corporation Mizuho Bank	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Chiba Kogyo Bank
(12)	Major shareholders and their shareholding ratios (%)	KoheyTakashima 19.78 Recruit Holdings 10.77 BNYM TREATY DTT 10 (Standing Proxy for The Bank of Tokyo-Mitsubishi UFJ) 7.59 STATE STREET BANK AND TRUST COMPANY (Standing Proxy for Hongkong & Shanghai Bank) 4.30 Japan Trustee Services Bank (Trust Accounts) 2.83 (as of September 30, 2016)	Lawson Inc 33.40 Kazuyoshi Fujita 12.63 Employee Shareholding Assoc. 11.86 Yasuaki Komori 2.92 Hiroshi Hayakawa 2.16 (as of September 30, 2016)
(13)	Current relationship between the companies		
	Capital Relationship	There is no capital relationship to mention.	
	Personal Relationship	There are no personal relationships to mention.	
	Business Relationship	There is no business relationship to mention.	
	Qualification as a Related party	Oisix does not qualify as a DWMK related party, and DWMK does not qualify as an Oisix Related Party.	

(14) Business results and financial status of the past 3 years

Oisix

(Units: ¥mn. Unless otherwise stated)

Fiscal Period	FY3/14	FY3/15	FY3/16	(c.f.)(Note)1 FY3/17 (One half)
Net Assets	3,373	3,777	3,867	4,076
Total Assets	5,690	6,331	6,803	7,056
Net Asset Value per share (¥)	586.71	638.07	667.05	-
Sales	15,909	18,060	20,158	10,718
Operating income	740	648	774	270
Recurring income	775	668	806	285
Net income (Note)2	436	347	538	187
Net income per share (¥)	78.27	59.74	90.26	31.94
Dividend per share (¥)	-	-	-	-
(Interim dividend)	(-)	(-)	(-)	-

(Note)1. Because Oisix is transferring to consolidated accounting, the figures for FY3/17 (Q2 cumulative) are consolidated.

2. FY3/17 (Q2 cumulative) Net Income is quarterly net income that belongs to parent company shareholders, and net income per share is quarterly net income per share

Fiscal Period	FY3/14	FY3/15	FY3/16	(c.f.) FY3/17 (One half)
Net Assets	2,726	2,685	2,907	2,935
Total Assets	5,319	5,372	5,485	5,303
Net Asset Value per share (¥)	366,553.67	345,816.63	374,491.52	-
Sales	13,365	13,583	13,572	6,473
Operating income	52	225	368	45
Recurring income	73	210	367	47
Net income (Note)2	22	-41	222	28
Net income per share (¥)	3,052.53	-5,304.73	28,674.89	3,608.88
Dividend per share (¥)	-	-	-	-
(Interim dividend)	(-)	(-)	(-)	

(Note) FY3/17 (Q2 cumulative) Net Income is quarterly net income, and net income per share is quarterly net income per share

#### 5. Status after the Share Exchange

	Share Exchange Full Parent Company
(1) Name	Oisix Inc.
(2) Address	1-3-12 Higashi Gotanda, Shinagawa-ku, Tokyo, Japan.
(3) Representative Position and Name	CEO and President Kohey Takashima
(4) Details of Business	Sale via the Internet, etc., to general consumers of meals and ingredients with a focus on safety, e.g. specially grown agricultural produce and additive-free processed foods.
(5) Capital	Currently not fixed
(6) Close of Financial Year	End of March
(7) Net Assets	Currently not fixed
(8) Total Assets	Currently not fixed

#### 6. Overview of Accounting Procedures

The Share Exchange constitutes an 'Acquisition' according to the provisions of the Accounting Standards for Business Combinations (ASBJ Statement No. 21) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10). As such, the "Purchase Method," which identifies Oisix as the acquirer, will likely be applied. Please note that while it is projected that Oisix's consolidated financial statements will feature goodwill (or negative goodwill) in connection with the Share Exchange, the amount of any goodwill (or negative goodwill) to arise is not presently known. Details shall be swiftly announced as they emerge.

#### 7. Outlook going forward

Because the planned date of entry into force of the Share Exchange is March 31, 2017, Oisix's FY3/17 Consolidated Results will not reflect DWMK's business performance. Also, while it is projected that costs associated with studies and procedures connected with the Share Exchange will arise, their impact on this term's consolidated results is currently under close evaluation. If a revision of consolidated full-year forecasts is required, notification of the same

will swiftly be made.

Also, because treasury stock will be consumed as allocated shares in the Share Exchange and new shares issued, a change in major shareholders is expected. Today we therefore separately release a 'Notification about Change in Major Shareholders' dated December 22, 2016.

(C.f.) Net Consolidated Income Forecast (as disclosed on August 9, 2016)

(Units: ¥mn)

	Sales	Operating Income	Recurring Income	Net Income belonging to parent shareholders
FY3/17 Net Income Forecast	23,000	820	830	580

- END -