



FY2015 2Q Result Report

(April 1, 2015 – September 30, 2015)

November 10, 2015

Oisix Inc.

Results

□【15 consecutive years the best sales of 2Q】

- Sales 9.375 billion yen **+112.1% YoY**
- Operating profit 2.61 million yen **+291.5% YoY**
 Net sales grew at 12% due to an increase in the number of subscribers
 Operating profit up as a result of controlling costs/sales promotion expenses, and contribution of non-EC businesses to revenues

E-commerce (Oisix.com)

□Number of Subscribers: 102,000 **+11,000 YoY**

□Various measures advancing as scheduled

- Full-fledged operations started at a new processing plant (Oisix Dining Center)
- Operation started at a new logistics center (No. 2 Oisix Station)

Others (not Oisix.com)

□Overseas establishment of local subsidiary in Hong Kong, capital tie-up in business with a corporation in Taiwan

□Store Business Expansion of "Shop-in-Shop"

□Fulfillment outsourcing service Increasing clients of Oisix Fulfillment Marketing Support

1. Result in the First half of FY2015
2. Progress on the action plan of FY2015 and action plan in the second half of FY2015

Overview in the first half of FY2015

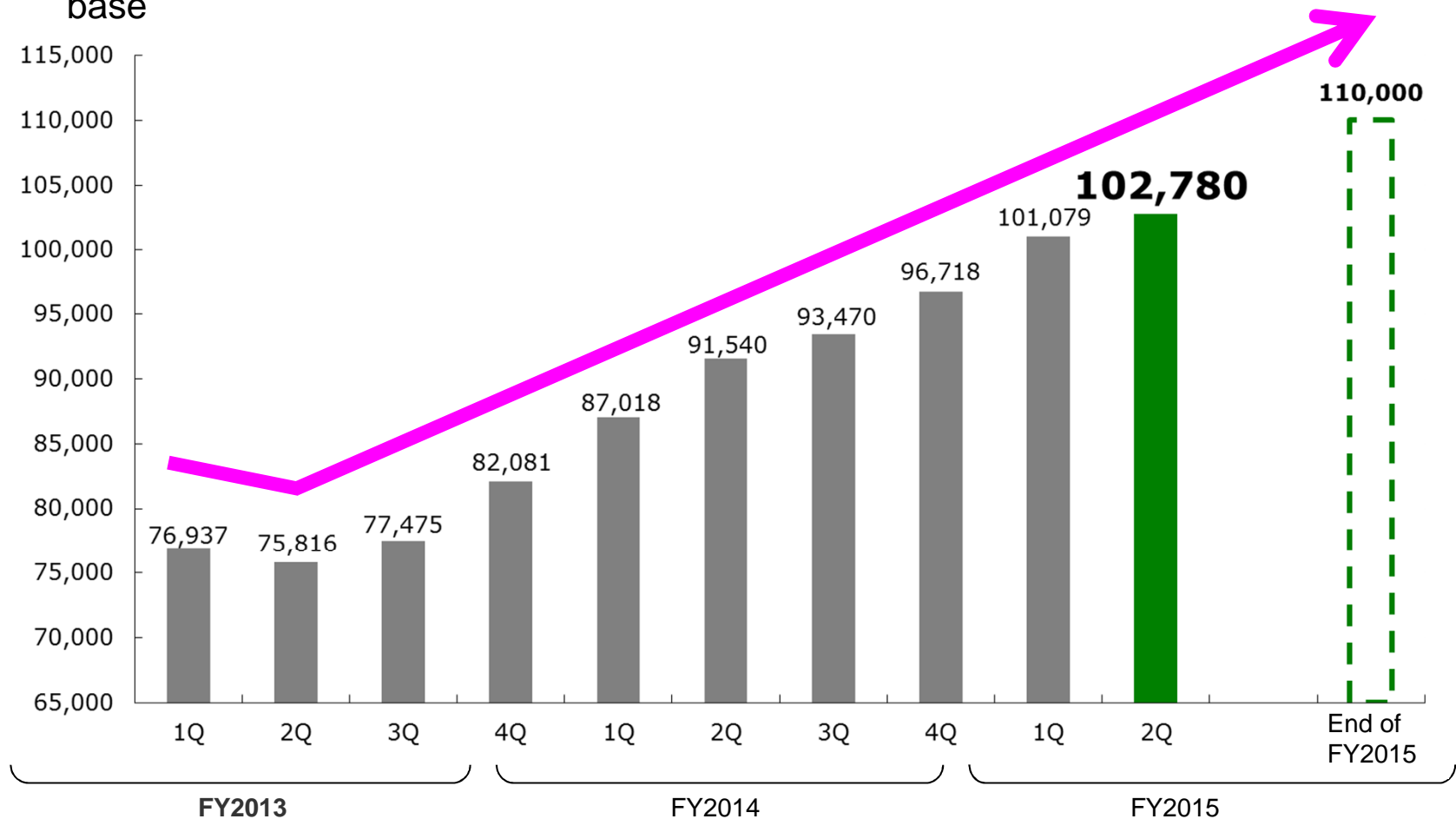
- Net sales rose around 12% due to a rise in the number of subscribers, etc./operating profit rose
- Growth in the mainstay EC business and more efficient promotions as well as the contribution of non-EC businesses to revenues
- –Operating profit increased by 170 million yen YoY despite an impact of a 50-million-yen decline from a hike in Yamato's transport charges

単位:百万円	2015年3月期 上期実績	2016年3月期 上期実績	前年同期比	2016年3月期 上期予想	上期進捗率	2016年3月期 通期予想	通期進捗率
売上高	8,366	9,375	112.1%	9,300	100.8%	20,000	46.9%
営業利益	89	261	291.5%	250	104.6%	750	34.9%
経常利益	100	279	277.9%	260	107.4%	770	36.3%
当期純利益	55	177	318.4%	160	111.2%	480	37.1%



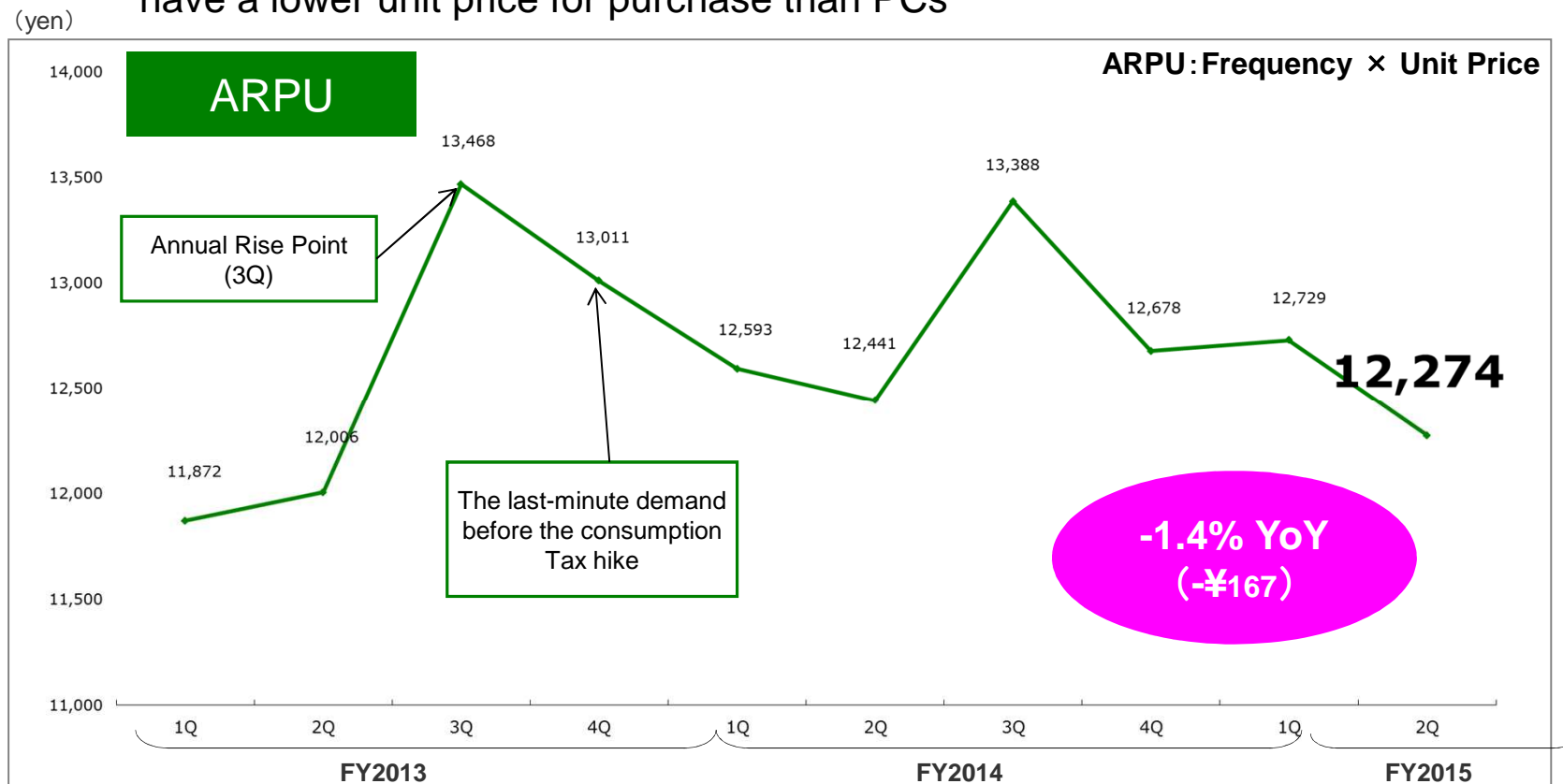
Subscriber Base

- Subscriber base increased by around 6,000 compared with the beginning of FY, growing to 102,000KitOisix
- Expansion in the number of KitOisix subscribers contributed to growth in the subscriber base



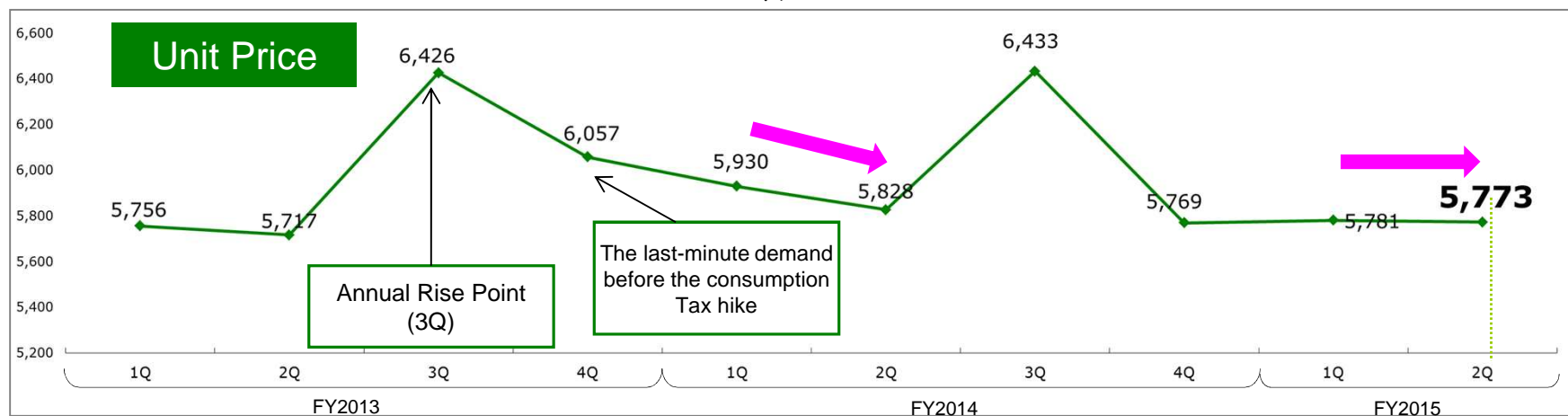
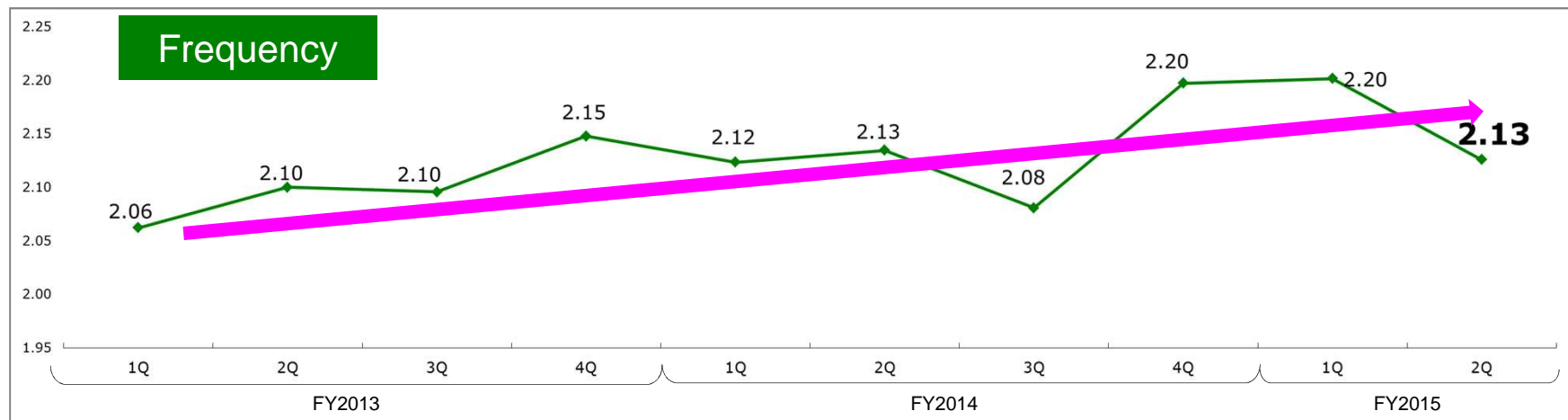
ARPU Breakdown ※ARPU: Average Revenue Per User

- Impact on purchase frequency due to the Obon and the Silver Week holidays lasting for two weeksPC
- Decline in unit price due to improvement in purchase ratio via smart devices, which have a lower unit price for purchase than PCs



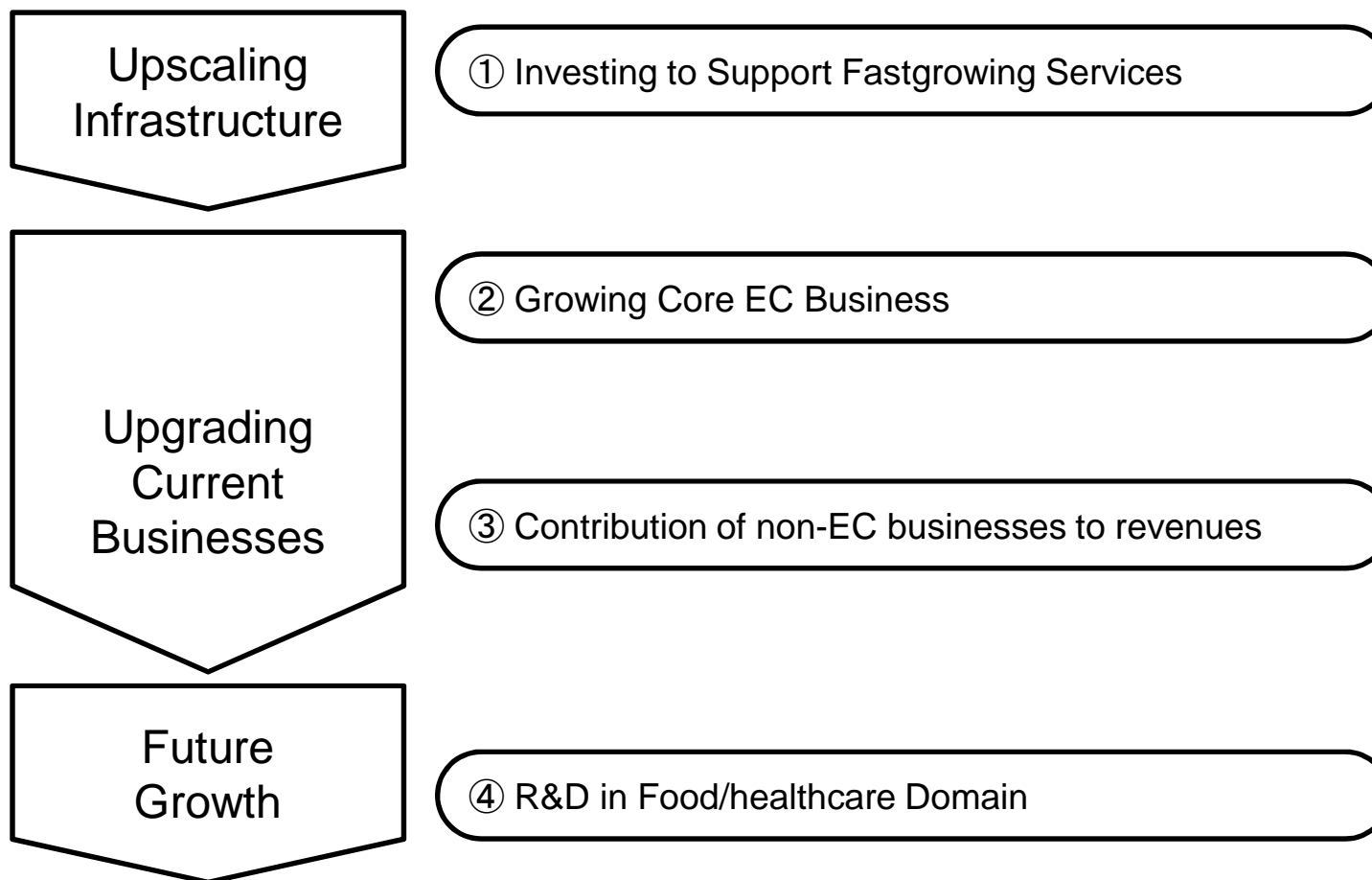
ARPU Breakdown

- Sustained levels from the previous years due to the impact of Obon/SW compared with the increase in the number of KitOisix subscribers, who show high purchase frequency
- Curbed unit price declines through improved smart device ratio, such as by enhancing smart device UI, etc.



1. Result in the first half of FY2015
2. Progress on the action plan of FY2015 and action plan in the second half of FY2015

□ Main activities policy



① Investing to Support Fastgrowing Services

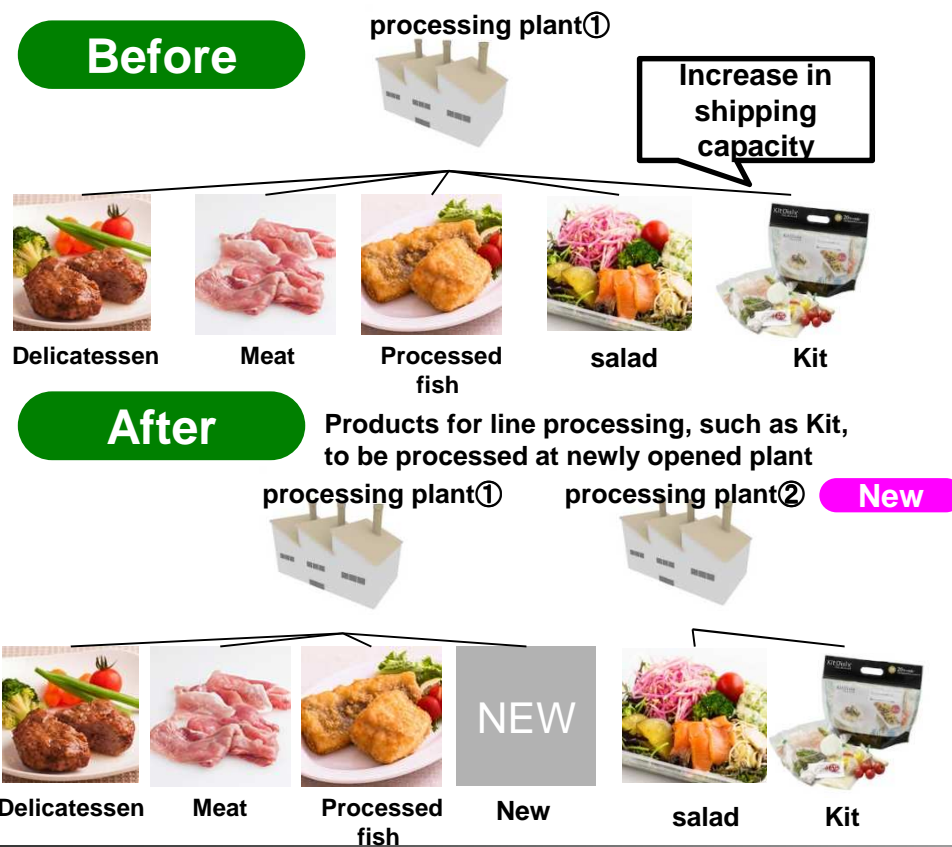
- (a) Opening of a processing plant (Oisix Dining Center)
- (b) Operation of a new logistics center (No. 2 Oisix Station)

① Investing to Support Fastgrowing Services

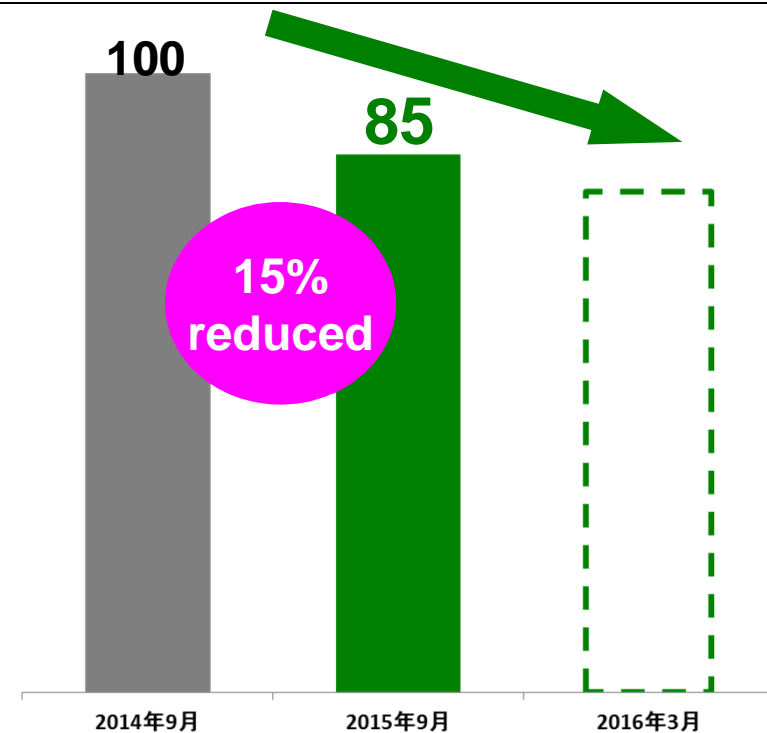
(a) Opening of a processing plant (Oisix Dining Center)

- Response to an increase in KitOisix shipping volume (manufacturing capacity expands by 4 times)
- Costs reduced for KitOisix in September as a result of steady operations and enhanced processing efficiency, despite expenses associated with a move in July and August (reduced 15% YoY)

□ Optimizing processed items



□ Reduced KitOisix costs



➡ Aiming for further efficiency toward end of the fiscal year

① Investing to Support Fastgrowing Services

(b) Operation of a new logistics center (No. 2 Oisix Station)

- Trial operation of the new logistics (No. 2 Oisix Station) in September
- Full-fledged operations of the new logistics center from November in response to increasing shipping volume and format
- Improved service levels as a result of enhanced efficiency in shipping to stores and development of Company's proprietary transport network

□new logistics center (No. 2 Oisix Station)



Digital picking system



The Company's own shipping case



Pre-delivery processing machine

□No. 2 Oisix Station outline

location : yashio-shi, Saitama

area : 3.95 square yards

(Current operating is 0.99 square yards)

□Anticipated effects

- Efficient store shipments
- Improved service levels as a result of developing proprietary shipping network

□Overview of the Company's own shipping service

- Customers can receive products when not at home by specifying a drop-off location
- Early delivery enables customers to receive products before leaving for work in the morning
- Delivery in a reusable insulated cooler bag

② Growing Core EC Business

- (a) Growing KitOisix course
- (b) Improved unit price as a result of enhanced smart device UI

② Growing Core EC Business

(a) Growing KitOisix course (First half summary of activities)

- Increase of around 17,000 from previous year, with aggressive PR having become possible due to the operation of a new processing plant
- Added new time-saving premium products, such as the Salad Kit and Make Ahead Kit, to the lineup

□ About KitOisix



- Oisix safety standard
- Just 20 minutes
- Seasonal vegetables

□ Main activities in 1Q FY2015



Collaboration with nebaaru-kun Natto girai kappuku (overcome your dislike of natto) Kit



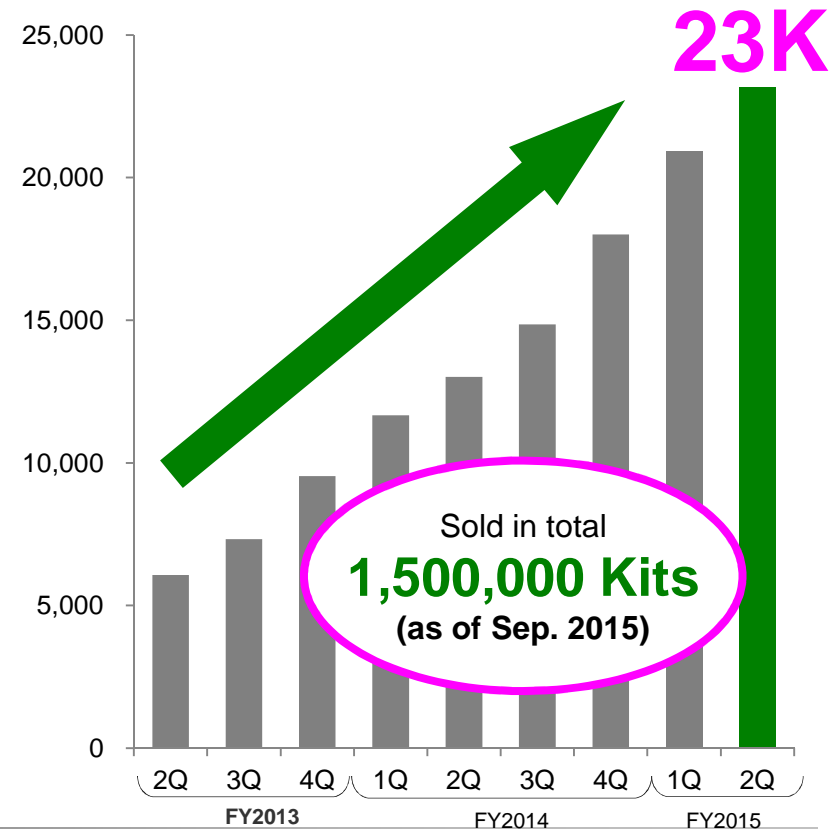
Children are the judge: Kodomo (children's) monitor certified menu



Salad Kit: Easy-to-make delicious salad

KitOisix-related media exposure: Total of 43: 13 on TV, 6 in newspapers, 2 in magazines, 22 websites

□ The number of KitOisix subscribers



② Growing Core EC Business

(a) Growing KitOisix course (Second half summary of activities)

- Strengthen series on cooking with children
- Boost to the satisfaction level of menus, such as the Nabe (hot pot) Kit, also reinforced menus for three people
- Strengthen initiatives to support working women

□ Series on cooking with children



□ Second half summary of activities



- Take on the challenge of extending product expiration dates
- Develop the Nabe (hot pot) Kit, and expand menus, such as kits for three people

□ Initiatives on supporting working women



womenwill | Japan



• Support working women by participating in Google's activities aimed at assisting women, and coordinating with supporting companies

• Offer services to welfare programs that support women operated by a subsidiary of CyberAgent

② Growing Core EC Business

(b) Improved unit price as a result of enhanced smart device UI

- Narrowed difference in unit price versus PC users through improved navigation, etc.(difference of 550 yen to 320 yen)
- High praise from 81% of customers stating "easy to use" + "standard" in a questionnaire after improvement

□Images



□Main improvement point

- Organized product categories
 - Improved navigation
 - Specified the shopping process
 - Promoted browsing by using footer navigation
- Shortened the path used for cancellations

□Changes in the difference in unit price between smart device users and PC users



Execution of continuing improvement activities

③ Contribution of non-EC businesses to revenues

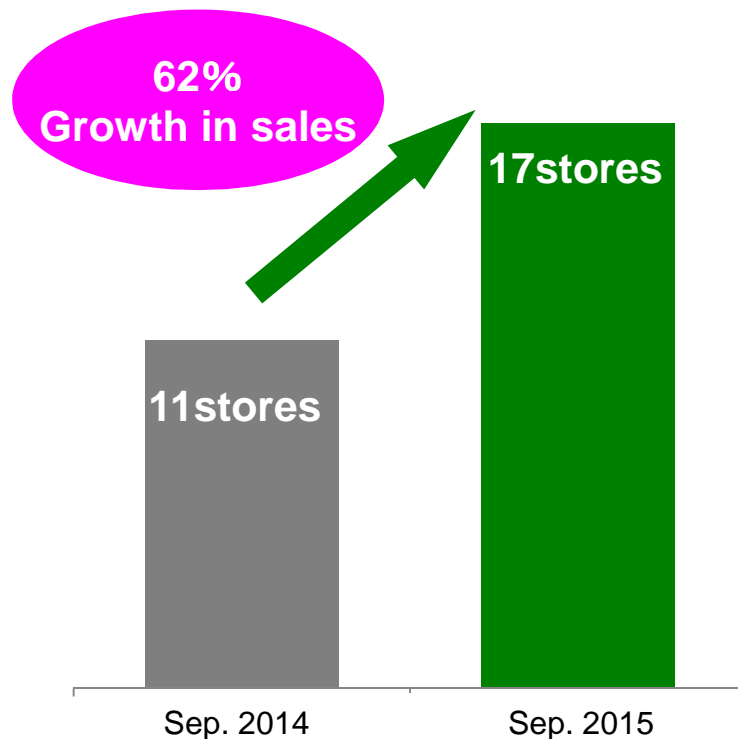
- (a) Expansion of Shop in Shop in the store business
- (b) Developments in the overseas business
- (c) Expansion in client base in the Oisix fulfillment outsourcing service

③ Contribution of non-EC businesses to revenues

(a) Expansion of Shop in Shop in the store business

- Improved sales per store as a result of renovations, and building an SV system
- Taking place at a total of 22 stores as of November 10
- Business conducted at a total of five supermarkets following launch at Kinokuniya

□ sales trend of Shop in Shop in the store business



□ First half of the summary of activities

- New promotional materials, and fixtures
- Built a sales floor maintenance system
- Strengthened supervising functions

□ Scheduled to launch business at the Kinokuniya Shinagawa store

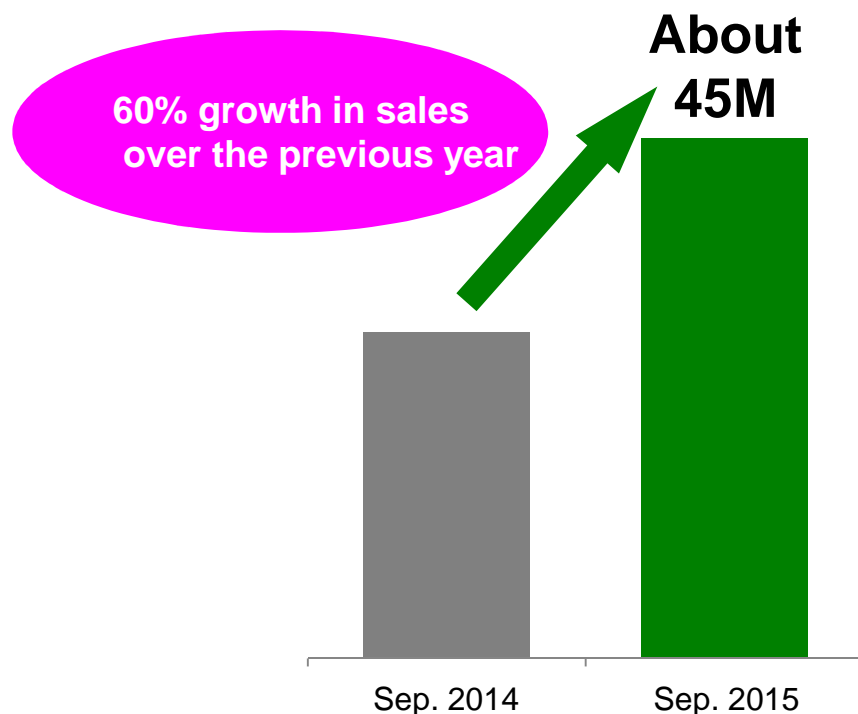


③ Contribution of non-EC businesses to revenues

(b) Developments in the overseas business in Hong Kong

- Achieved record sales through strong results from harvest moon events, and growth in the regular home delivery model
- Established a local subsidiary (October 2015) prompted by the stable profitability of the Hong Kong business

□ Growth in sales/profits of the Hong Kong business



□ An image of the website during the Harvest Moon season



③ Contribution of non-EC businesses to revenues

(b) Developments in the overseas business in Taiwan

- Capital tie-up in business with a natural foods home delivery company in Taiwan scheduled to begin in the second half of the fiscal year
- The second country following Hong Kong utilized to gain a foothold toward expansion in East Asia

□ Images of wonderfulfood



□ The Wonderful Food overview

Establishment: 2011
president: Bell Chiang (Former CEO of the IBM group in Taiwan)
executive officer: Maggie Chen (agricultural committee of Taiwan)
overview: major Natural foodHome delivery in Taiwan

□ tie-ups overview

[Business tie-ups]

- Develop the regular home-delivery model in Taiwan
- Overseas test marketing of expertise in quality control in Japan (checked by Japan)

[Capital tie-up]

- Considering a small amount of investment of around 5%

③ Contribution of non-EC businesses to revenues

(c) Expansion in client base in the Oisix fulfillment outsourcing service

- Focus in the first half on expanding the number of clients for the EC Oisix Fulfillment Marketing Support, which is based on results-based compensation, and building a structure, etc. to improve client sales
- Scheduled to offer the Oisix Fulfillment Marketing Support service to a limited number of 10 companies this fiscal year

□ Client overview

- Company A specializing in mail orders of department store food products
- Company B specializing in selling high value-added food products
- Company C specializing in selling furniture and interior accessories
- Company D, a manufacturer of global food products
- Company E specializing in correspondence education
- Company F specializing in cosmetics

□ Content of major support items

garner new subscribers

- Support for formulating market strategies
- Marketing analyses
- Support to garner new subscribers

CRM

- Support toward improving LTV
- Support toward turning one-time purchasers to regular subscribers

Faculty

- Agent to produce websites
- Educating personnel upon entering the company

④ R&D in Food/healthcare Domain

- (a) Launch of Highly Nutritious Vegetable Brand
- (b) Established the Food Innovation Lab

④ R&D in Food/healthcare Domain

(a) Launch of Highly Nutritious Vegetable Brand

- Launched “Kiku-vege” brand, a collection of highly nutritious vegetables
“Kiku” means “effective” especially in treatment

□ Images&Products



□ Background

- The food functionality labeling system law change 2015 spring



Sprouts rich in vitamin B12



Salad Oisix for Office” with
“Kiku-vege”

④ R&D in Food/healthcare Domain

(b) Established the Food Innovation Lab

- To determine activities and areas of research for the foreseeable future To promote activities through the Company's technological exploration, joint technological development and tie-ups with other companies

□Activities/research domain

A. Food technology/agricultural technology

【ex】



Agricultural technology



Freezing technology

B. Healthcare x food domain

【ex】



Vege-meat



Home deliveries of food products for dieting with monitoring by a medical doctor

C. The future food business

【ex】



Shopping service



Smart cooking home appliances

Strengthening the management structure

Strengthening the management structure

- Strengthened activities to hire those with expertise from the outside in a bid to accelerate business expansion
- Strengthened the management structure in order to realize reinforced governance/a flexible capital policy

Aug.2014 Former head of the EC Group at Dr.Ci:Labo Co., Ltd. Toshiyasu Nishii participates in the EC Business Division

June.2015 Invited JIN Co., Ltd.'s President, CEO and Representative Director Hitoshi Tanaka to serve as Outside Director

Oct.2015 Former head of the Web Division at Ryohin Keikaku Co., Ltd. Takashi Okutani take part in the EC Business Division

Nov.2015 Hajime Yamanaka, one of the founding members of eAccess Ltd. (unified management control, accounting, IR), takes part in Management Headquarters

