



FAQ on Financial Results for FY2023 3Q

This Q&A compilation gathers frequently asked questions, received from shareholders and investors following the earnings presentation held on Tuesday, 8 August. We will continue to update with important questions from the inquiries we receive in the future.

Q1. Why did you actively conduct discounts for Buyee in 3Q?

We have conducted several discounts in the past and gained expertise from those that were particularly cost-effective. Mercari, affiliated with Buyee, has also broadened its relationships with cross-border e-commerce operators beyond our company. These partnerships have introduced discount that offer discounts on shipping fees. Supported further by the favorable external factor of a weaker yen, we identified an opportunity to attract more users. Thus, we launched an offer with deeper discounts than our competitors.

After a significant campaign in June, our monthly orders surged to an unprecedented level. However, as many orders are set to ship in July, we expect the impact on our overall GMV and revenue to be evident in 4Q.

Q2. Are there any competitors that could pose as a threat to Buyee?

There is not particular competitor that we consider a direct threat. We conducted our campaigns to capitalize on the opportunity to acquire new users as competitors conducted their own campaigns.

Q3. How should we consider the Take Rate for From Japan going forward?

In 3Q, intensive campaign efforts resulted in a decreased Take Rate. As June orders are scheduled to be shipped in 4Q, we predict the GMV, revenue, and sales discounts from the campaigns to be booked in 4Q. As we intend to persist with our campaigns into 4Q, we forecast an additional reduction in the Take Rate. In subsequent fiscal periods, we plan to make modifications to improve this rate.

Q4. Are you cutting too much into your OP by being so aggressive with your campaigns?

We are not executing campaigns that spend recklessly without regard to profits. Rather than focusing on individual transactions, we manage campaigns comprehensively, ensuring our operating profit margin exceeds 5% relative to GMV. Historically, Buyee users demonstrate a high rate of repeat business. Therefore, our present campaign is not merely targeting a temporary surge in orders but aims to encourage sustained usage moving forward.



Q5. Why is Value Cycle so far behind its targets and what are you doing to rectify it?

Following a weak purchasing performance in the 2Q, sales were stunted due to a limited inventory. This significant drop in purchases was primarily due to challenges in recruiting experienced personnel as we grew our purchasing outlets in brick-and-mortar stores. This expansion led to gaps in customer service and product knowledge training. However, by emphasizing recruitment and enhancing training during 3Q, we achieved improvements in both our purchase rates and volume. By the close of the 3Q, we had regressed back to normal inventory levels and plan to utilize this to support our sales in the 4Q.

Q6. You are well behind your OP target for this year. Will you still be able to reach that target?

As of the 3Q, the performance of our Value Cycle and Entertainment sectors in the E-Commerce business has significantly fallen short of our projections. This discrepancy has notably increased the challenge of meeting the overall performance forecast for the E-Commerce business. Historically, our strategy focused on E-Commerce reaching its objectives within its domain. We had asserted that we would not offset any of E-Commerce's shortfalls with profits from the Incubation business. However, given the current trajectory of the E-Commerce business and to meet our consolidated operating profit goal of 4.5 billion yen, we are now contemplating amplifying the profit contributions from the sale of investments in the Incubation business.

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