



## FAQ Received from Investors and Shareholders (August ~ September 2024)

Following the announcement of our Q3 financial results for FY2024, we have disclosed key questions received from investors during August and September 2024, along with our responses. This initiative is part of our commitment to improving transparency and ensuring fair disclosure. For clarity, certain responses may reiterate information from previous Q&A sessions and financial results presentations.

### ■ Global Commerce

- **What are the reasons behind the increase in Buyee's GMV QoQ?**

The growth in Buyee's GMV quarter-over-quarter was driven by continuous campaigns aimed at re-engaging inactive users, while also building on the user base established from previous campaigns. Many users initially attracted by coupon incentives have shown a tendency to return, as Buyee offers competitive advantages like lower shipping and handling fees compared to other platforms. Furthermore, the weakening yen during Q3 enhanced the purchasing appeal for users. On the operational front, optimized campaigns have reduced promotional costs, contributing to an improved operating profit margin and stronger internal KPIs.

- **Is there any impact from the current trend towards a stronger yen?**

Trends toward a stronger yen may lead users to moderate their purchases, potentially causing a temporary dip in GMV. Historically, such shifts have resulted in cautious spending. However, purchasing activities generally rebound once the exchange rate stabilizes, with users resuming their typical buying patterns.

- **What do you think will contribute to improving the profit margin of global commerce in the future?**

To improve the profit margin of global commerce in the medium to long term, reducing logistics costs will be essential. As the volume of goods increases, economies of scale will strengthen our bargaining power with shipping companies, allowing us to negotiate more favorable pricing conditions and reducing costs. While controlling warehouse costs remains a priority, rising labor expenses and increased handling volumes could exert upward pressure on these costs. Nonetheless, by strategically managing these factors, there is significant potential



to improve overall profitability.

- **What has been the impact of ECMS Express released in July?**

The release of ECMS Express in July has provided a modest but steady impact, as customers have gradually adopted it as a shipping option for North America. Although delivery times are slightly extended compared to previous methods, the reduced shipping costs make it an appealing choice for users looking for more affordable international shipping options.

- **What are the expectations for top-line growth going forward?**

Looking ahead, we are targeting double-digit top-line growth and are developing strategies to achieve this objective. For Q4 of this fiscal year, we anticipate that the robust YoY growth observed in Q3 will face greater challenges as campaign impacts begin to stabilize. For the upcoming fiscal year, we are carefully assessing the potential effects of currency fluctuations and fine-tuning our planned initiatives as we finalize our budget.

- **Isn't it difficult to discover new users in a long-tail market?**

In a long-tail market, discovering new users can indeed be challenging due to the broad range of products we offer, which makes targeted advertising for specific items difficult—a distinctive feature of Buyee. To address this, our marketing strategies focus on engaging with influencers within niche communities, encouraging them to feature Buyee on platforms such as social media to boost awareness of our service.

Furthermore, recognizing the initial barriers to using cross-border e-commerce, we offer coupons to incentivize first-time users and encourage them to explore our platform.

- **If the American economy were to recess, would there be an impact on consumer purchasing behavior?**

If the American economy were to experience a recession, we anticipate that consumer purchasing behavior would largely remain resilient for products that fulfill a strong, unmet local demand, especially those difficult to obtain domestically. Furthermore, the demand for specialized or hobbyist products is typically stable, as such items cater to dedicated interests. Consequently, we believe that even in the event of an economic downturn, the likelihood of a



significant decrease in purchasing interest among users seeking these niche products is low.

- **What are the growth prospects and strategy for the Korean business?**

The growth prospects for our Korean business are promising, with K-POP merchandise currently enjoying significant popularity on Buyee. Through our strategic investment in Korean cross-border e-commerce companies, we have established a robust framework that allows customers worldwide to purchase Korean products. Moreover, by expanding product supply and linking with additional platforms beyond Buyee, we anticipate driving further distribution growth. Looking ahead, our strategy includes broadening the product supply and considering additional investments in Korean cross-border e-commerce companies as needed to support continued expansion in this market.

## ■ Entertainment

- **What if large artist acquisitions do not progress? Is there still high dependency on existing idol support businesses?**

We understand the significance of securing high-profile artists, and at Groobee, we are actively pursuing these acquisitions to gradually reduce our reliance on supporting existing idol groups.

Although we are currently operating at a loss, we are focused on optimizing our operational structure throughout this fiscal year. Our goal is to position Groobee for profitability by the next fiscal year.

- **Why is there significant volatility in GMV and Take Rate for the Entertainment segment?**

The Entertainment segment's GMV experiences significant volatility largely because artist merchandise constitutes a substantial portion. This merchandise is typically released in conjunction with major events, so the occurrence or absence of these events can lead to noticeable fluctuations in GMV and sales.

As for the Take Rate, variations arise from differences between our existing idol group support business and Groobee, as well as from the types of products sold. These factors collectively contribute to the fluctuations in the Take Rate for the Entertainment segment.



- **How do you plan to grow Groobee in the future?**

For future growth, we plan to focus on acquiring well-known artists to increase Groobee's prominence. Building a solid track record with successful Groobee implementations is essential, as it allows us to showcase the platform's value. We also aim to continuously address the specific needs of artists currently using Groobee, optimizing the platform to meet their requirements and drive higher sales. This strategy will help strengthen Groobee's reputation, making it more attractive to additional high-profile artists and industry partners.

- **New Businesses**

- **Is the "Other Businesses (New Businesses)" segment aiming for profitability?**

"Other Businesses" is primarily dedicated to research and development, nurturing multiple emerging ventures. For those ventures showing promising sales growth and the potential for sustained profits, we plan to transition them to more established segments, such as Global Commerce.

Our policy prioritizes ongoing investment in new ventures, with the goal of continuously generating innovative businesses within this segment. Consequently, we anticipate maintaining a certain level of investment—and related losses—in the segment. However, we have successfully reduced the quarterly deficit within the current fiscal year, reflecting efforts to optimize investment efficiency.

- **Incubation Business (Investments)**

- **Is there any change in the plan to conduct an investment sale in Q4?**

There is no change in our plan to conduct an investment sale in Q4. Our profit plan for this segment remains at 0 billion yen for the current fiscal year, and we intend to proceed with sales that align with the impairment and provision losses recorded up to Q3.

- **What is the policy for this segment?**

The policy for this segment centers around our core businesses, emphasizing that we no longer pursue pure investments for capital gains. We plan to gradually sell the assets we currently hold. That said, we remain strategic about these sales; we will avoid selling investments at clearly undervalued prices, and in cases where an investment shows IPO potential, we may retain it for several years to maximize its value.

-END-