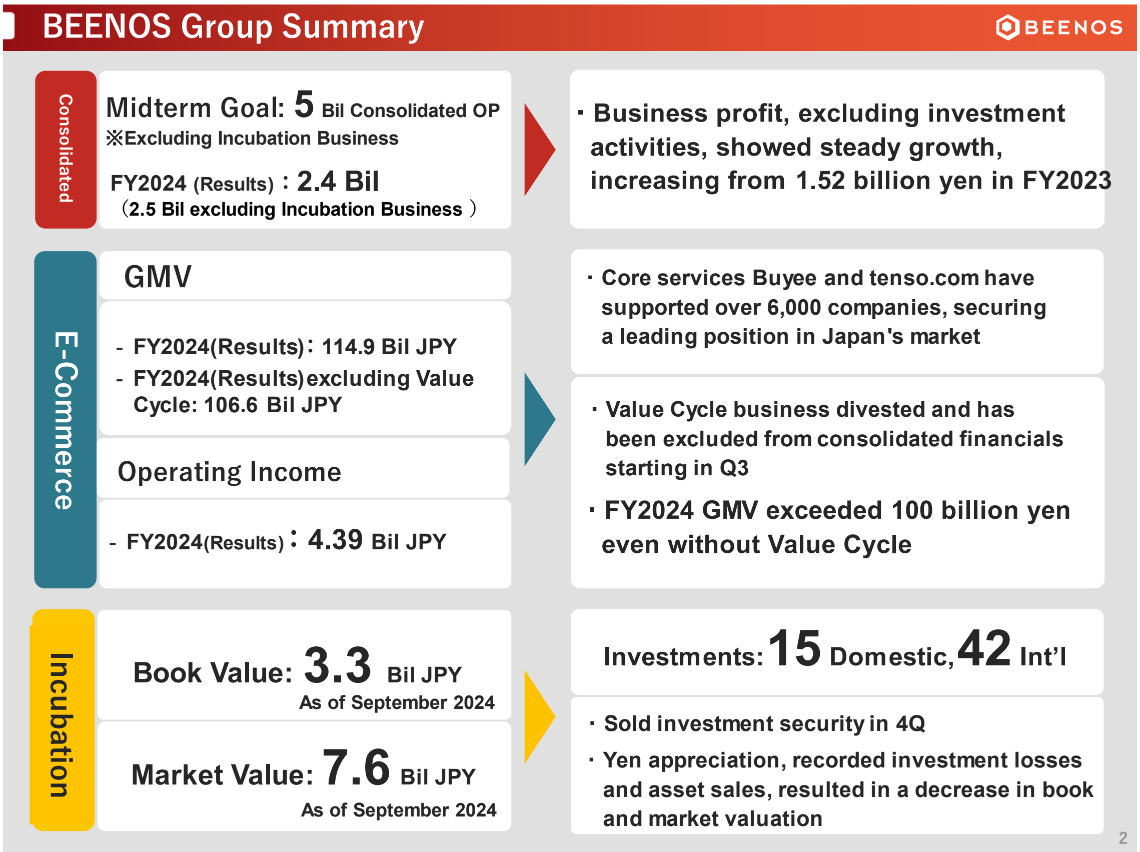
FY 2024 Financial Results Briefing
English Transcript

Below is the English translation of the FY2024 Financial Results Briefing transcript from the session held on 7 November 2024.

We will now begin the BEENOS Inc. Financial Results Briefing for the full fiscal year ending September 2024. I'm Miura, a director of the company. First, I'll provide an overview of our performance for the fourth quarter and the full year. After that, I will touch upon our forecast for the fiscal year ending September 2025.

Following my presentation, we have allotted time for Naoi to discuss this year's results, our future plans, and our medium-term management policies.



Now, let's dive into the details, starting with an overview of the BEENOS Group. Our medium-term goal is to achieve 5 billion yen in consolidated operating profit. Excluding last fiscal year's Incubation segment, our business profit was 1.52 billion yen, which has significantly grown to 2.5 billion yen this fiscal year. While the Incubation segment experienced a loss of 100 million yen, we still achieved a total of 2.4 billion yen.

Next, regarding the E-commerce business. Last year, the E-commerce business reached a GMV of 100 billion yen, and we have continued to realize further growth this fiscal year. However, we sold the Value Cycle segment in the second quarter, so it is no longer consolidated from the third quarter onwards. Nonetheless, even without the Value Cycle segment, we are still achieving 100 billion yen in GMV, indicating steady business growth. In the Incubation segment, the book value after provisions stands at 3.3 billion yen, with an appraisal value of 7.6 billion yen. In the fourth quarter, we executed some investment sales to cover impairment losses, which has resulted in a decrease in book value. Additionally, the yen has shifted from depreciation to appreciation, causing a slight reduction in the appraisal value.

FY2024 4Q Highlights

BEENOS

Consolidated

Increase in GMV due to growth in Global Commerce and Entertainment

Decrease in revenue and OP due to exclusion of Value Cycle and reduction in investment sales

	Results		YoY	Excluding Value Cycle and Incubation
GMV	30.2	Bil JPY	+0.3 %	+17.8 %
Net Sales	5.0	Bil JPY	▲51.5 %	+23.1 %
Operating Income	0.97	Bil JPY	▲46.7 %	+153.1 %

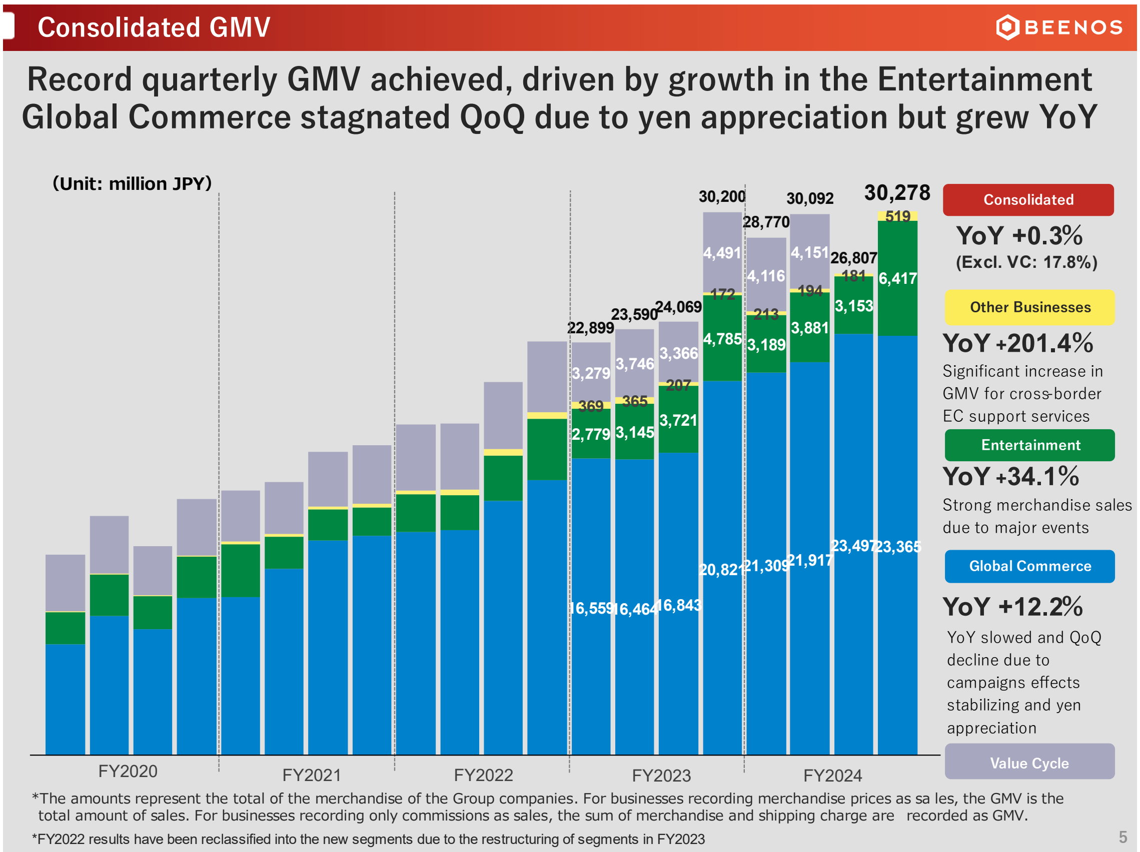
E-Commerce Business

Profit increase due to improved profitability in Global Commerce Decrease in GMV and revenue due to the exclusion of Value Cycle

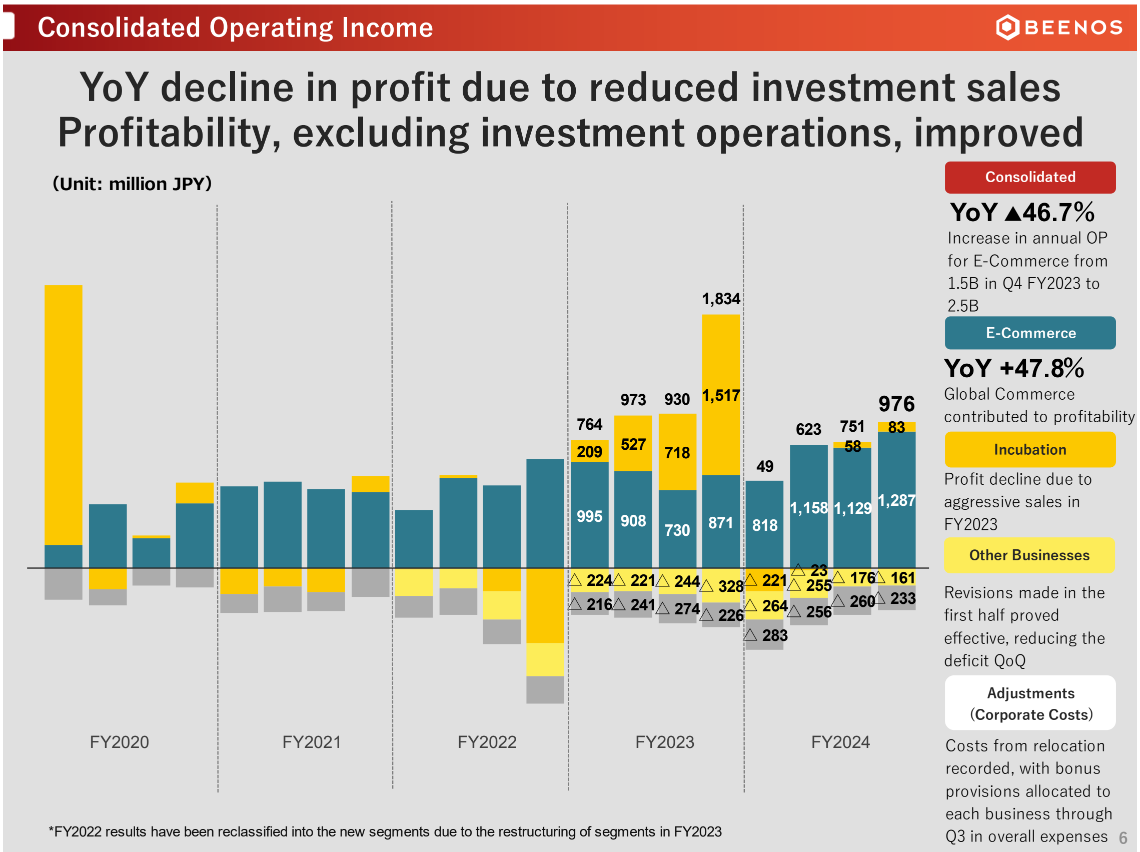
	Results		YoY	Excluding Value Cycle
GMV	29.7	Bil JPY	▲1.1 %	+16.3 %
Net Sales	4.4	Bil JPY	▲46.5 %	+18.7 %
Operating Income	1.28	Bil JPY	+47.8 %	+41.9 %

Next, an overview of the fourth quarter. We achieved a significant increase in GMV for both Global Commerce and Entertainment. Although sales revenue decreased year-over-year due to the exclusion of the Value Cycle segment and a reduction in investment sales, we have achieved substantial growth in both segments when these factors are excluded.

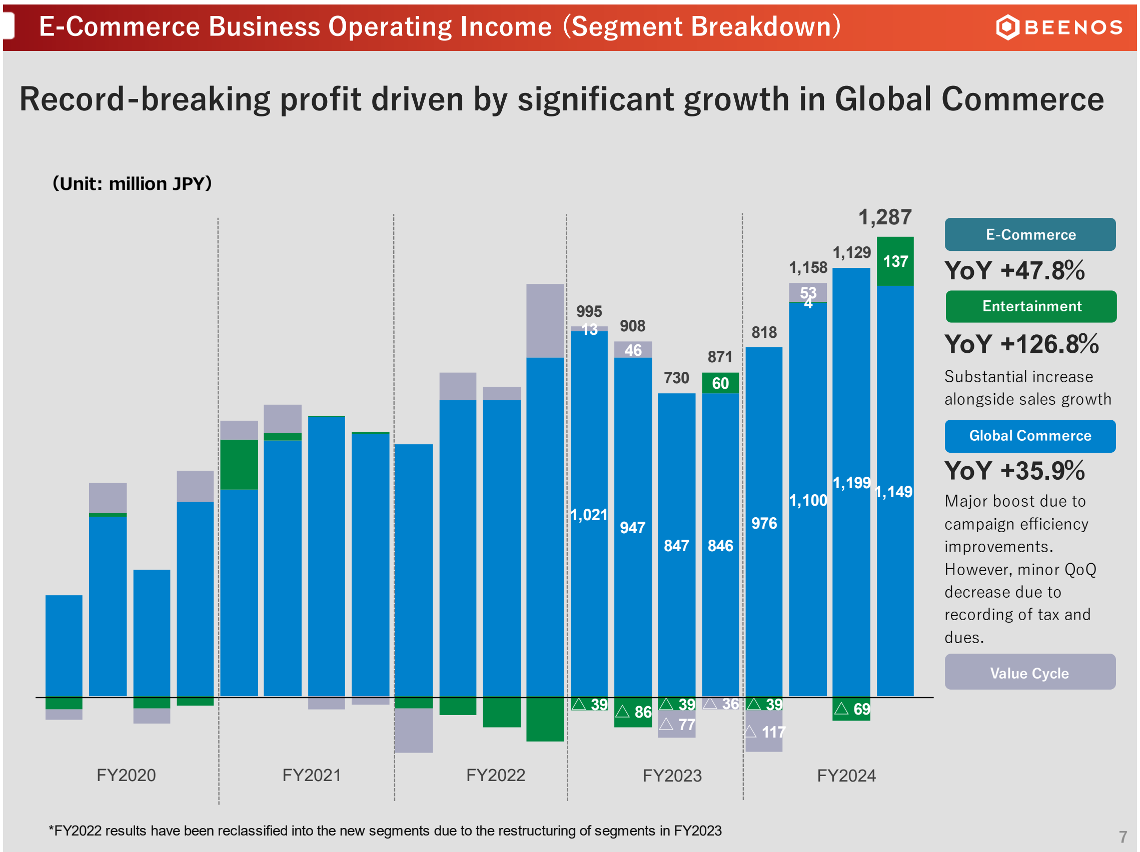
As for the E-commerce business, the situation is similar. With major profit improvements in Global Commerce, we've achieved significant profit growth. Although the GMV and sales revenue decreased due to the exclusion of the Value Cycle segment, we still achieved notable growth without it.



Next, let's look at the trend in consolidated GMV. The Entertainment business has experienced significant growth in GMV, helping us achieve the highest quarterly GMV to date. In the Global Commerce segment, there has been some stagnation in quarter-on-quarter comparisons due to factors such as yen appreciation, but year-over-year growth remains steady. Additionally, Global Commerce has conducted a large-scale campaign since the fourth quarter of last year, which has now stabilized, slightly dampening the growth rate for this segment.



Next, let’s look at consolidated operating profit and loss. Last year, there was a substantial gain from investment sales, which resulted in a year-over-year profit decline this year. However, when excluding the investment business, business profit has shown definite improvement, reaching a real profit of 976 million yen. Additionally, relocation expenses are recorded as part of the headquarters costs. Up to the third quarter, adjustments and bonuses paid by each company were included in headquarters expenses, but in the fourth quarter, these bonuses were distributed to each business based on performance, which may give the appearance of a decline.



Now, regarding the segment profit and loss of the E-commerce business: Global Commerce continues to grow, and Entertainment has recorded a substantial profit, contributing significantly to the Entertainment business ending the fiscal year in the black.

FY2024 Highlights

BEENOS

Consolidated

GMV surpassed 100 billion yen even excluding Value Cycle

Sales and OP declined due to the deconsolidation of Value Cycle and reduced investment sales

	Results		YoY	Excluding Value Cycle and Incubation
GMV	115.9	Bil JPY	+15.1 %	+25.4 %
Net Sales	25.4	Bil JPY	▲21.8 %	+19.8 %
Operating Income	2.4	Bil JPY	▲46.7 %	+62.2 %

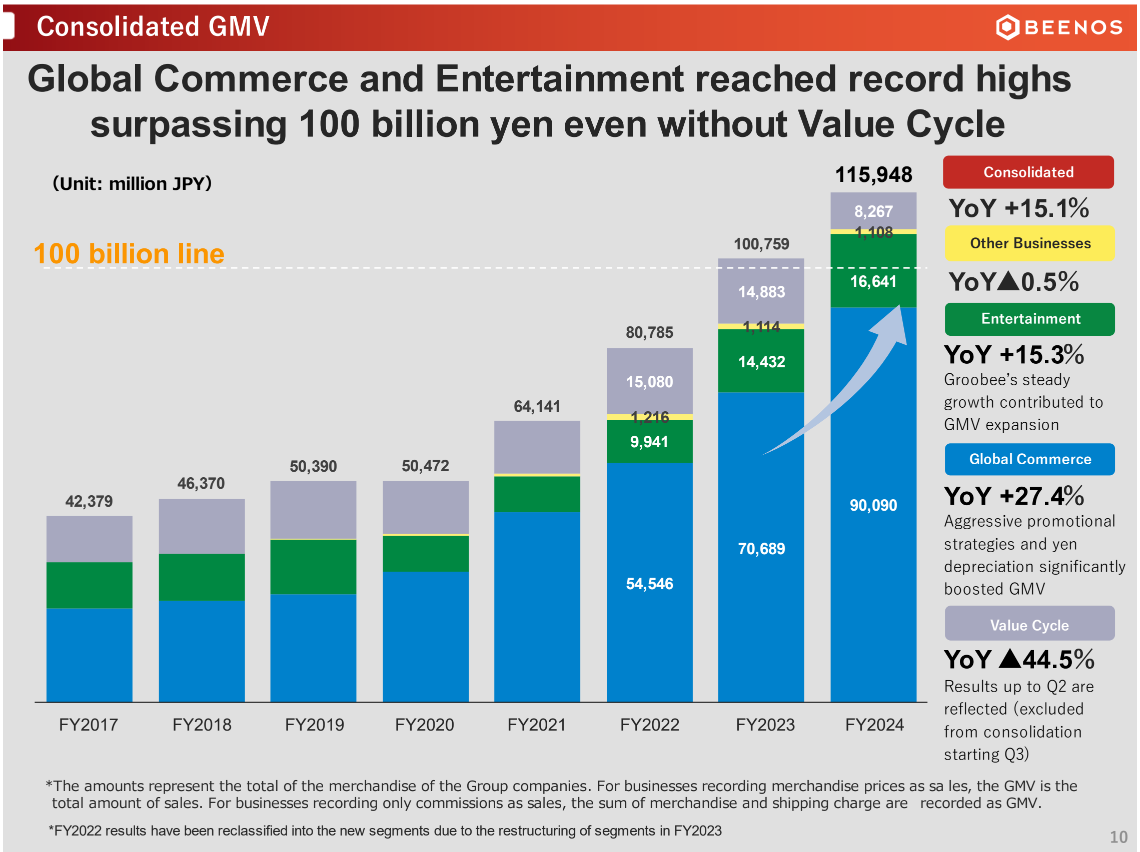
E-Commerce Business

Global Commerce led to a substantial increase in segment profit

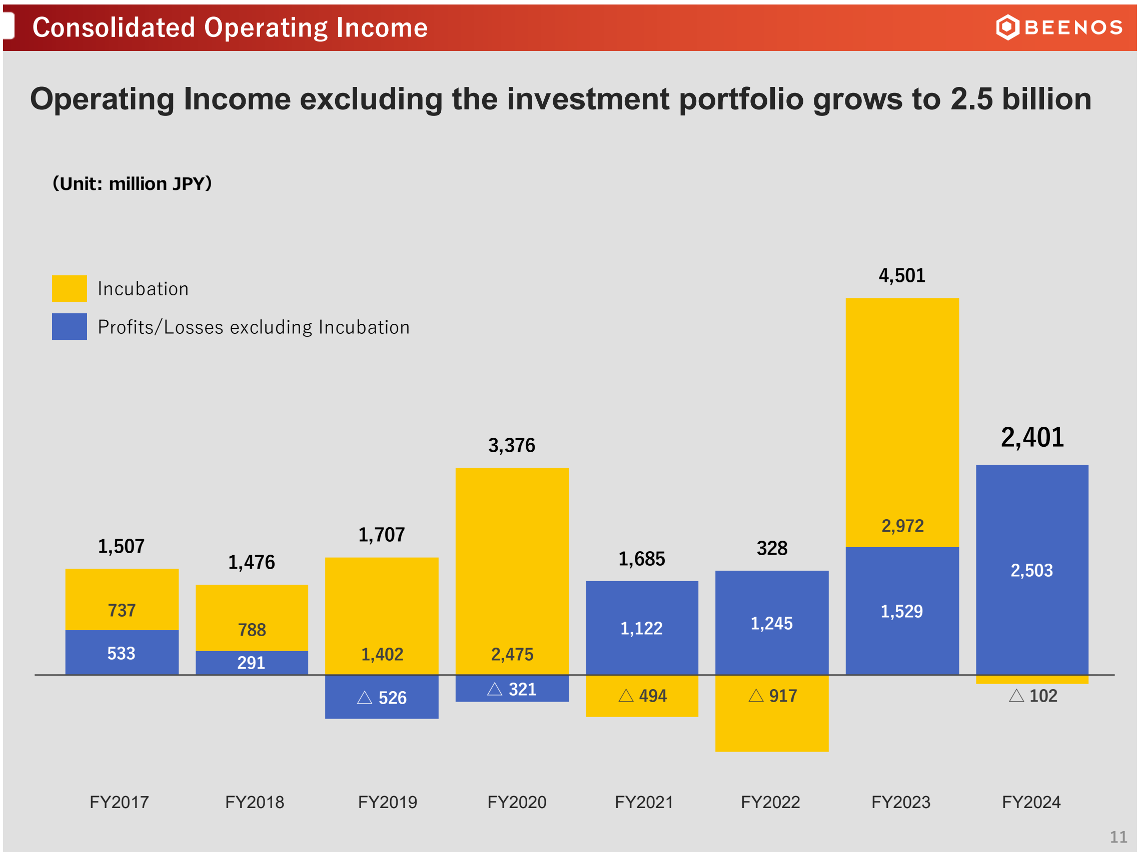
The sales decrease is attributed to the exclusion of Value Cycle from consolidation

	Results		YoY	Excluding Value Cycle
GMV	114.9	Bil JPY	+15.0 %	+25.4 %
Net Sales	24.5	Bil JPY	▲14.0 %	+19.6 %
Operating Income	4.39	Bil JPY	+25.4 %	+25.3 %

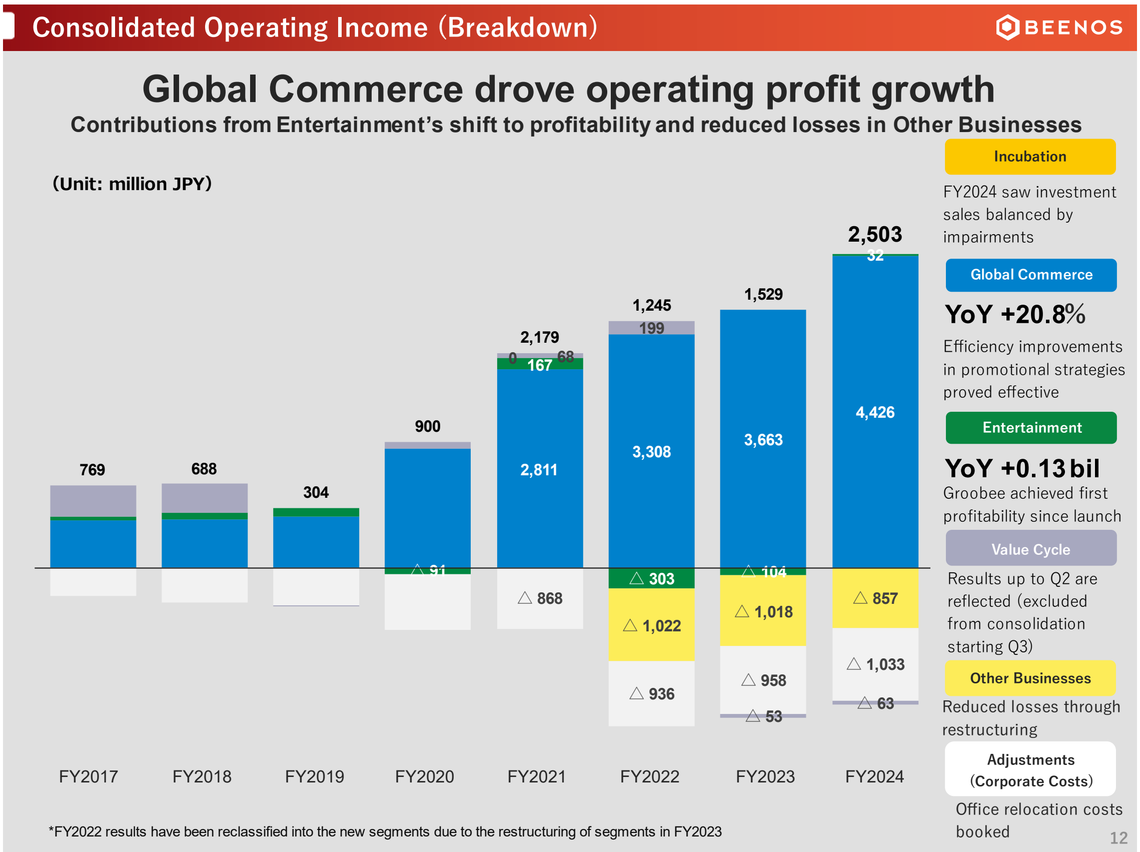
Next, I will explain the full-year financial results. As mentioned earlier, even without the Value Cycle segment, GMV has exceeded 100 billion yen. With the exclusion of Value Cycle consolidation and reduced investment sales, revenue and operating profit have declined. However, our existing businesses are showing steady growth. In the E-commerce business, Global Commerce is the driving force behind a significant increase in segment profit. On the other hand, revenue was heavily impacted by the Value Cycle segment, resulting in a negative effect due to its exclusion. Excluding Value Cycle, we are seeing nearly 20% growth.



Next, regarding the trend in consolidated GMV: As I mentioned initially, the Group achieved 100 billion yen last year. This fiscal year, despite selling the Value Cycle segment, we have still achieved over 100 billion yen within the remaining businesses, thanks to substantial contributions from growth in both the Global Commerce and Entertainment segments.



Now, let me discuss business profit and loss excluding the investment business. Our medium-term goal is to achieve 5 billion yen in operating profit in business profit and loss excluding the Incubation business. The trend of business profit and loss excluding Incubation is illustrated in this blue graph. In the past, operating profit was either low or negative, with some periods where we covered losses through Incubation sales or saw significant losses due to negative contributions from Incubation. Looking solely at business profit and loss, we have steadily recovered from a loss of 500 million yen in 2019, reaching 1.52 billion yen last fiscal year, and achieving significant growth to 2.5 billion yen this year. We are targeting 5 billion yen as our medium-term goal, and we believe this trend is progressing smoothly.



Next, let's break down the details of business profit and loss mentioned earlier. The growth in operating profit from Global Commerce has had a major impact. Additionally, certain other businesses, including Entertainment, have turned profitable, and we have been progressing with the exit from unprofitable businesses. These measures have collectively boosted overall profitability, and we believe we have complete control over managing both investments and losses.

Progress of Consolidated Forecast

BEENOS

Business transfer of the Value Cycle completed, confirming special profits
Double taxation occurred on last year's investment sale

	FY2024 Results	FY2024 Forecast	Difference	Special Factors
GMV	115.9 Bil	108 Bil	+7.9 Bil	
Net Sales	25.4 Bil	24.5 Bil	+0.9 Bil	
Operating Income	2.4 Bil	2.1 Bil	+0.3 Bil	Application of external standard taxation in Global Commerce led to a 69 mil yen increase in public dues
Ordinary Income	2.22 Bil	1.8 Bil	+0.42 Bil	
Income before Taxes	3.16 Bil	— Bil	— Bil	Special profit of 910 mil yen recorded from the divestment of Value Cycle (90 mil yen difference in special profit as of Q3 attributed to inventory adjustments)
Net Income attributable to owners of the parent	1.35 Bil	1.56 Bil	▲0.2 Bil	Corporate tax decreased by 140 mil yen due to the application of external standard taxation in Global Commerce. Corporate tax rose by 788 mil yen, as foreign tax credit not granted on corporate tax paid abroad for sale of investments in FY2023.

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Next, I'd like to discuss the achievement rate of our consolidated earnings forecast and the changes below operating profit. We had initially forecasted an operating profit of 2.1 billion yen, but thanks to the steady progress in Entertainment and Global Commerce, we exceeded that by 300 million yen. However, in the fourth quarter, a temporary tax charge of 69 million yen was recorded under external standard taxation, resulting in a slight, temporary decline in profitability. Ordinary profit was initially projected at 1.8 billion yen, but we achieved 2.2 billion yen, primarily due to the higher-than-expected operating profit and a smaller-than-anticipated foreign exchange loss, which contributed to this increase.

Now, regarding pre-tax profit, this was elevated above ordinary profit due to the recognition of special profit from the sale of the Value Cycle segment. We recorded a special profit of 910 million yen. In the previous quarter's briefing, we mentioned an estimate of around 1 billion yen; however, we have adjusted this down by 90 million yen, bringing the final figure to 910 million yen. This adjustment reflects the final inventory valuation agreed upon with the buyer.

As for net income, we faced an unexpected tax burden of around 800 million yen due to the inability to receive foreign tax credits for the sale of large foreign equity investments last year. This resulted in double taxation. Specifically, this tax burden arose from the sale of GoTo shares conducted last year, where we initially anticipated that foreign corporate tax paid in Singapore could be credited in Japan. We managed this based on expert advice but ultimately concluded that the tax credit could not be applied, resulting in double taxation. Furthermore, as mentioned earlier, the application of external standard taxation on Global Commerce led to a reduction of 140 million yen in corporate taxes. While this tax cut did contribute positively to net income within Global Commerce, the unexpected scale of double taxation ultimately caused our net income to fall short of our initial performance forecasts.

FY2025 Forecast BEENOS

FY2025 Consolidated Forecast

Aim to increase profits in all E-Commerce segments

	FY2024 Results	FY2025 Forecast	YoY (Excluding Value Cycle)
GMV	115.9 Bil	115.0 Bil	▲0.8% (+6.8%)
Net Sales	25.42 Bil	18.39 Bil	▲27.7% (+7.9%)
Operating Income	2.40 Bil	2.84 Bil	+18.3% (+15.2%)
Net Profit attributable to owners of parent	1.35 Bil	1.85 Bil	+36.9%

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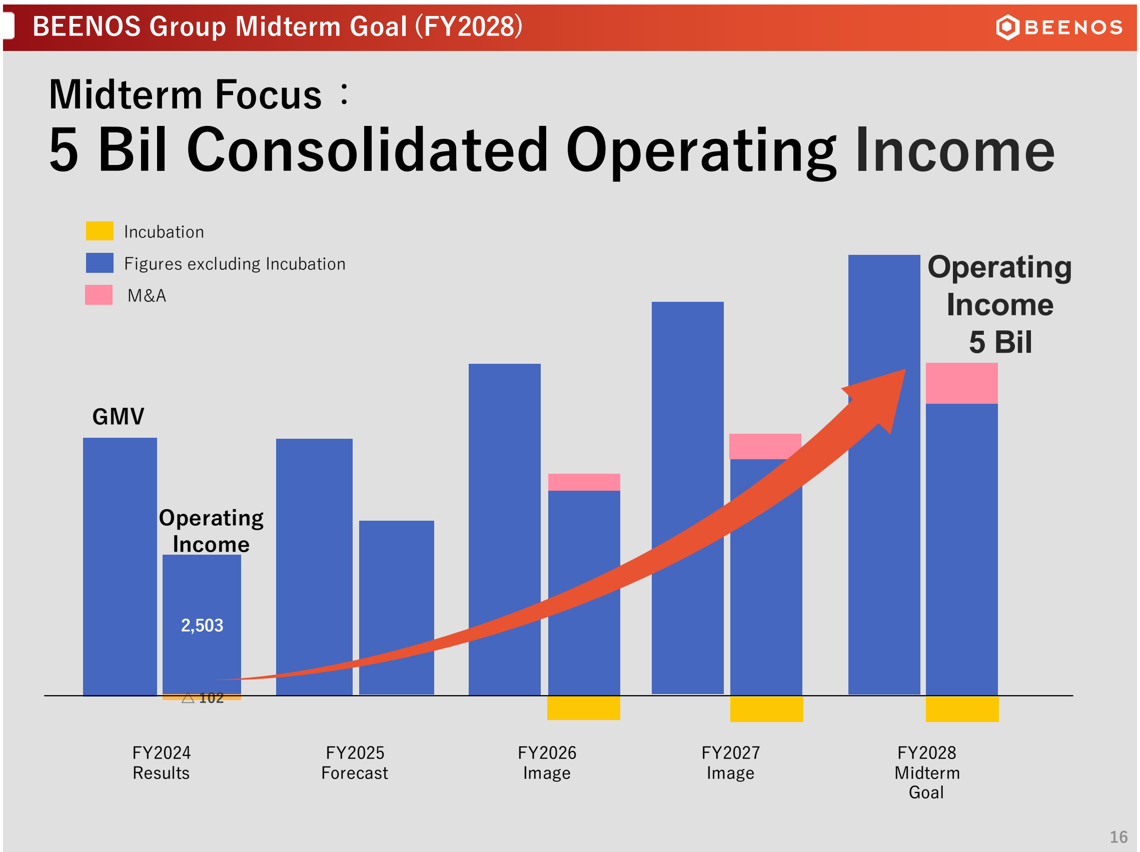
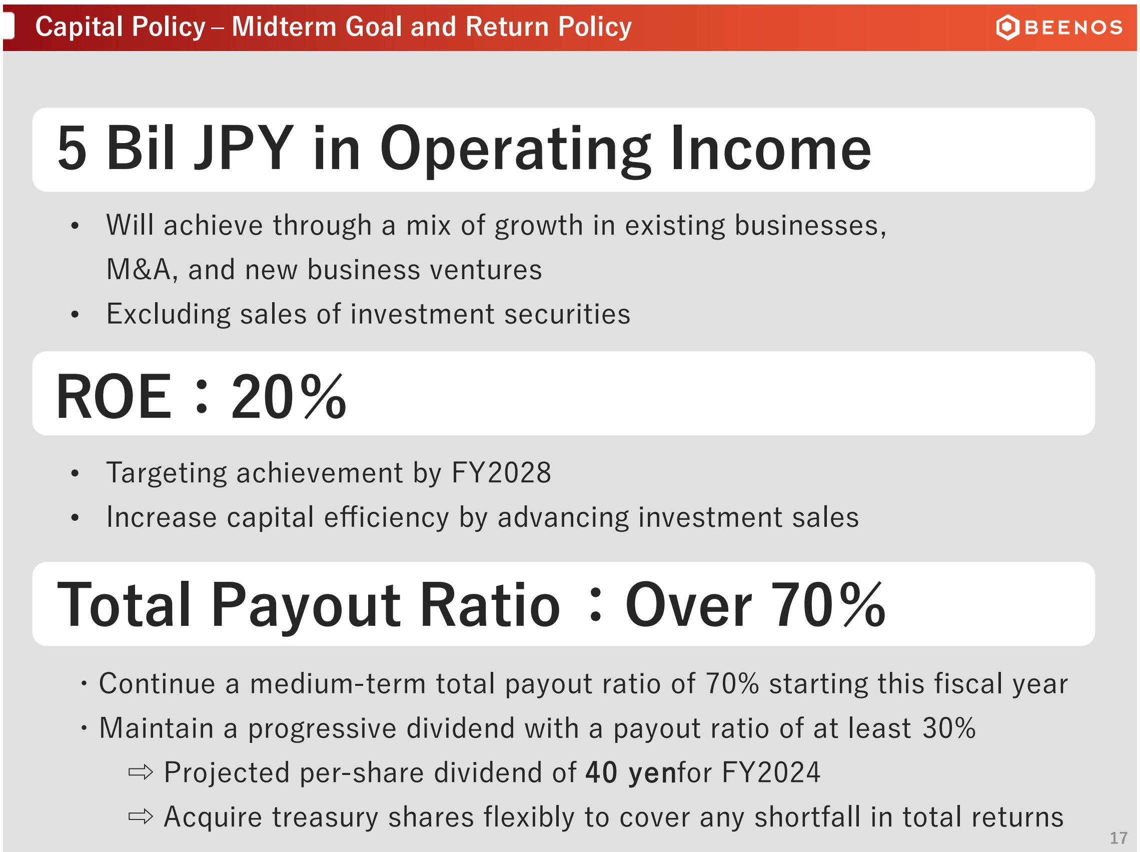
Next, I'd like to discuss the consolidated earnings forecast for the fiscal year ending September 2025.

As shown here, our consolidated earnings forecast for 2025 is as follows. The GMV is projected to be 115.9 billion yen, compared to the 115 billion yen we achieved this fiscal year. This GMV includes the Value Cycle segment that we sold this fiscal year. Excluding that portion, we anticipate a growth of 6.8%, which we consider sufficient growth for our existing businesses. Similarly, while revenue is expected to decrease from 25.4 billion yen to 18.3 billion yen due to the significant impact of the Value Cycle segment's transfer, when calculated without it, we're looking at an 8% increase. Regarding operating profit, assuming each business continues to grow steadily, we expect it to rise from 2.4 billion yen to 2.84 billion yen. As for net income, although this fiscal year included significant variables like special profit from the sale of the Value Cycle segment and the double taxation issue with GoTo, we assume there will be no major fluctuations in the next fiscal year and project net income to be 1.85 billion yen.

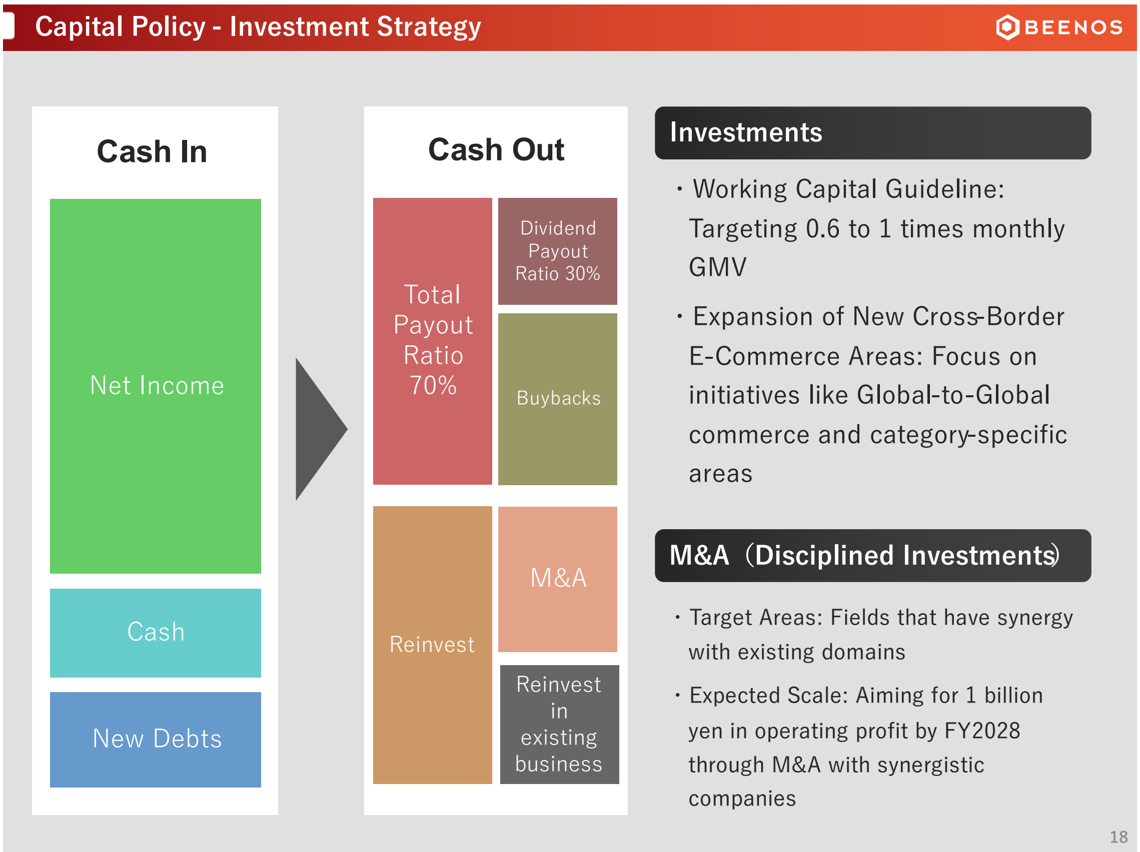


As mentioned earlier, the Company has set a medium-term goal of achieving 5 billion yen in consolidated operating profit. Currently, excluding the Incubation business, we've reached 2.5 billion yen. We aim to elevate this to 5 billion yen by 2028. In this process, as we've already discussed, we plan to leverage M&A activities and develop new businesses in-house to reach the 5 billion yen target. By utilizing these two approaches—business expansion through M&A and in-house development—we aim to double our current operating profit from 2.5 billion yen to 5 billion yen.



Next, let's discuss our capital policy. Along with achieving 5 billion yen in consolidated operating profit, we aim to reach a 20% ROE target by FY2028. Given that a portion of our capital is currently tied up in investments, we plan to proceed with divesting those investments. Our target of a total return ratio of 70% or more will also play a key role. While we didn't engage in share buybacks this fiscal year, we will pursue a balanced approach between business investments and returns, aiming for a 20% ROE by 2028.

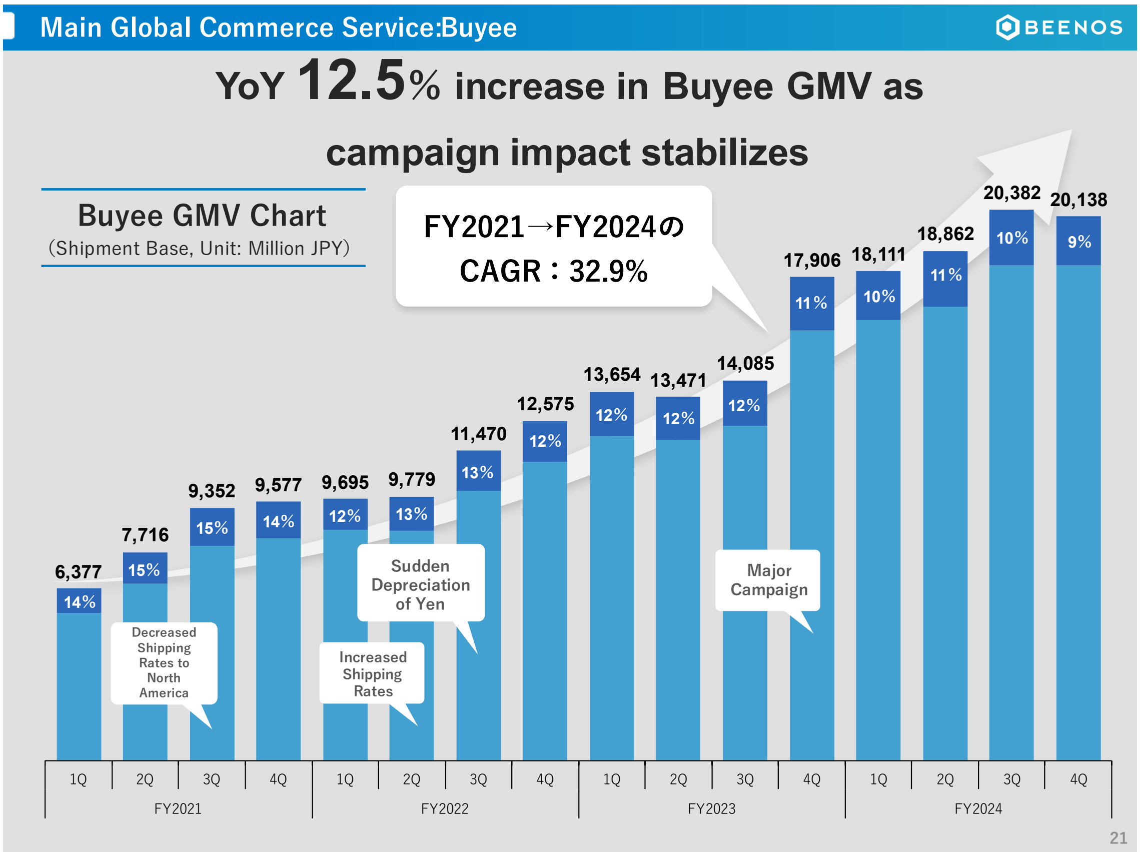
Regarding the total return ratio of 70% or more, we intend to maintain this target consistently from FY2025 onward, ensuring a stable return with minimal volatility. Additionally, we aim to keep our progressive dividend policy, targeting a payout ratio of 30% or more. For 2024, we anticipate a dividend per share of 40 yen. To meet our 70% total return target, we plan to repurchase shares strategically, considering stock price trends, with any remaining amount over the 30% dividend payout.



The following chart illustrates the image of our capital policy. We plan to allocate 70% of net income to returns, while the remaining 30%, along with existing assets and new borrowings, will be directed towards reinvestment. Our reinvestment strategy will include growth through M&A, as previously discussed, as well as reinvesting in existing businesses. Our business model generally brings in cash up front, and we plan to maintain 0.6 to 1 times the monthly GMV as working capital for stability.

Additionally, in the area of Cross Border E-commerce, we plan to invest in new domains such as cross-platform Global-to-Global services and category-specific opportunities. For M&A, we aim to pursue investments in areas synergistic with our existing domains to accelerate new business development and enhance synergies with our current operations. Regarding the scale of these investments, we envision generating approximately 1 billion yen in operating profit, so we expect an investment scale that aligns with this target.

With that, I will conclude my portion of the presentation. Following this, Naoi will provide an overview of this fiscal year's projections and profit plan.



Next, I, Naoi, the President and CEO, would like to discuss a review of each segment's business, as well as our projections and profit plan for this fiscal year. Let's begin with the Global Commerce business.

Starting with Buyee, our core business, the GMV for Buyee increased by 12.5% year-over-year, partially due to the completion of the campaign effect. Compared to the third quarter, however, there was a slight decrease. This can be attributed to the rapid appreciation of the yen in the fourth quarter, with September seeing particularly strong yen appreciation, which led to some reluctance among customers to make purchases, causing a slight dip. Nonetheless, with a year-over-year growth of 12.5%, we landed on a stable result.

Main Global Commerce Service:Buyee

BEENOS

Q4 Highlights

- **Quarterly GMV Slight Decrease (QoQ)**
  - ▶ Initiated active campaigns in Q4 FY2023, resulting in the campaign impact stabilizing
  - ▶ GMV increased due to a buildup of users on YoY basis
  - ▶ Exchange rates show a yen appreciation trend compared to Q3

- **Quarterly Operating Profit Slight Decrease (QoQ)**
  - ▶ Applied external standard taxation, an annual charge of 69 million yen in Q4
  - ▶ Campaign management has stabilized

Year in Review

- **Significant GMV increase from active campaigns**
- **Improvement in operating profit margin through campaign optimization**

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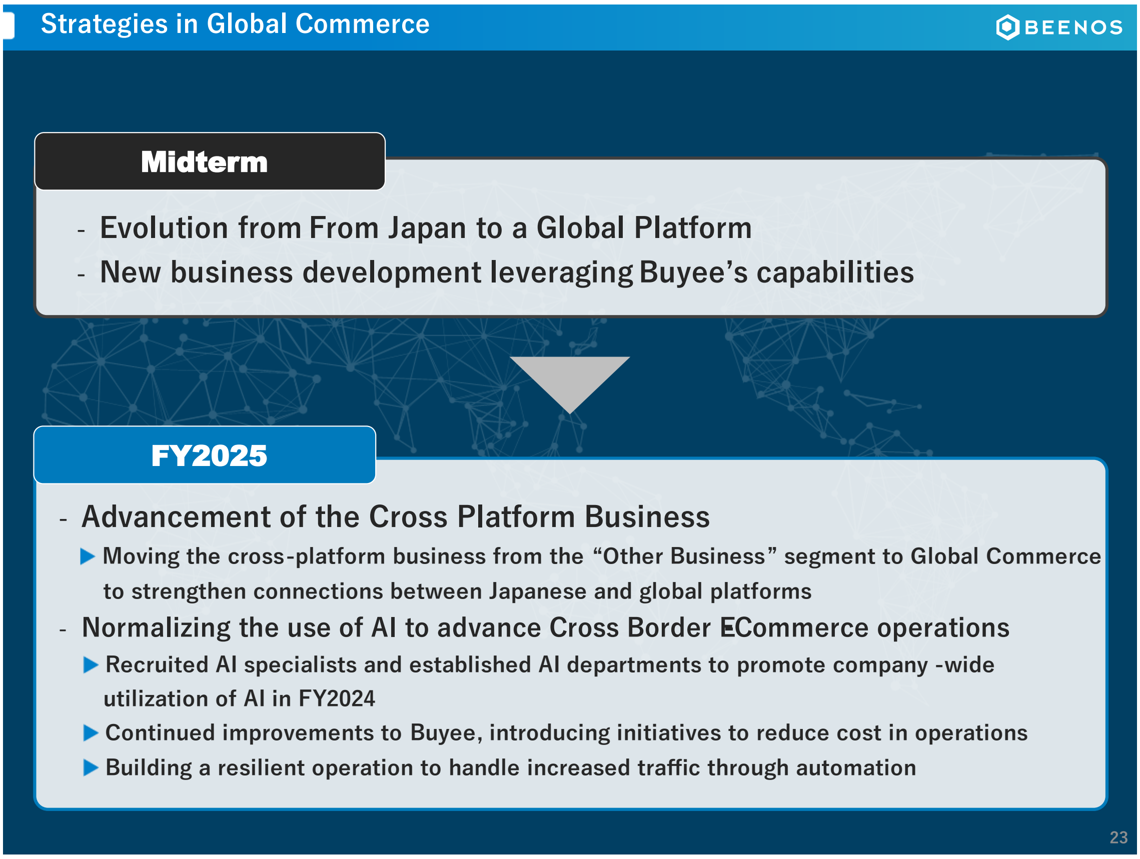
As indicated here, we plan to continue running campaigns while aiming to further increase our GMV. We have also made strides in improving campaign efficiency, which has contributed to a stable revenue structure. That said, we've definitely felt the impact of yen appreciation on our numbers.

To ensure further growth for the business, we aim to advance the Buyee business this fiscal year, as I will explain shortly. Among our initiatives, the primary focus is on strengthening Buyee's role. The Buyee platform primarily operates by partnering with Japanese e-commerce sites to sell their products internationally. Through our Buyee platform, customers primarily purchase products, making it a central component of our operations.



We plan to continue expanding our efforts to help more international users discover and purchase Japanese products. In line with this, we aim to accelerate connections from Buyee to additional overseas platforms, expanding our reach to a broader customer base. Our goal is not only to increase visibility from Japan but to establish a more global presence.

To support this growth, we also aim to enhance operational processes. This extends beyond marketing to cover a wide range of activities, including customer support, fulfillment, and logistics. We see AI as a key tool for improving efficiency and enhancing operations, which will be crucial as our business evolves. Last fiscal year, we began hiring AI specialists, and this year, we plan to fully leverage their expertise.

The global cross-border e-commerce landscape is shifting as various countries, including the U.S. and parts of Asia, move to impose tariffs on previously duty-free imports, affecting both daily goods and apparel. With the diversity of products we handle on a B2C basis, we are preparing to meet requirements for more detailed invoices, pre-collected duties, and compliance with international customs regulations. To this end, we are utilizing AI to automate the classification of items by category and tariff codes and to streamline invoicing.

FY2025 Forecast（Global Commerce）

BEENOS

Reasoning Behind Forecast

Global Commerce

- Transfer "Cross-Platform Business," part of Other Businesses through FY 2024, to Global Commerce
- Aiming for a GMV target of 100 billion yen within the Global Commerce segment alone
- Continuing to drive segment profit growth, including the integration of new businesses
- Assuming an exchange rate range of 140–150 yen, consistent with FY2024

	FY2024 Results	FY2025 Forecast	YoY
GMV	91.1 Bil	100 Bil	+9.7%
Operating Income	4.18 Bil	4.4 Bil	+5.2%

※FY2024 results have been adjusted to reflect the new segment structure

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In our 2025 plan, we project Global Commerce GMV to increase from 91.1 billion yen to 100 billion yen, with segment profit reaching 4.4 billion yen, representing a year-over-year growth of 9.7%. Given that we entered a new fiscal year in October, this budget was prepared in September, with exchange rate assumptions in the range of 140 to 145 yen. We believe this foundation supports steady growth in the coming year.

Accordingly, the exchange rate has continued to trend toward yen depreciation, even into October. Should this trend bring the rate to around 150 yen or 115 yen, we can anticipate an upward adjustment in GMV and segment profit. However, please understand that our current performance forecast is based on an assumed exchange rate of 140 to 145 yen.

Now, let's move on to the Entertainment division.

In the fourth quarter, we achieved a record-high quarterly GMV, thanks in part to the concentration of large-scale events during this period. Consequently, we also reached a record-high quarterly operating profit, with Groobee—our e-commerce platform geared toward entertainment—turning profitable. As mentioned previously, our licensing business, which includes the distribution of Japanese IP content-related merchandise, has also contributed to this profitability.

As we've mentioned before, there is a global demand surge for Japanese IP content, yet supply remains insufficient in this market. We are supporting the production of these items and, as an e-commerce platform, helping expand this content's reach not only domestically but internationally. With these efforts, the path to sustained profitability in the Entertainment division has become clearer.

Going forward, our focus in the Entertainment division will be on maximizing content revenue for IP-holding companies, providing a one-stop service that supports not only domestic but also international operations. In addition to advancing merchandise production and distribution domestically, we plan to support expansion globally, where progress has been slower, with the goal of delivering a seamless service.

On the operational side, while our strong growth in the fourth quarter was positive, it also led to some operational disruptions, causing inconvenience to our clients and their devoted fans. For the 2025 fiscal year, we aim to rebuild and strengthen our operations to provide a more reliable and scalable service.

FY2025 Forecast（Entertainment）

Reasoning Behind Forecast

Entertainment

- Operational improvements to achieve stable operations for Groobee
- Enhance services for existing clients to increase monetization points and improve profitability
- Revenue growth driven by the expansion of the Licensing Business

	FY2024 Results	FY2025 Forecast	YoY
GMV	16.6 Bil	15.0 Bil	▲9.9%
Operating Income	0.03 Bil	0.10 Bil	+209.6%

Regarding our 2025 targets, we expect a decrease in GMV, with a forecast of 15 billion yen. However, we project segment profit at 100 million yen, representing a significant year-over-year increase of 209.6%. While there are many factors that could drive GMV beyond our forecast, our primary goal this fiscal year is to demonstrate that this business can reliably generate profit.

FY2025 Forecast（Other Businesses）

BEENOS

Reasoning Behind Forecast

Other Businesses

- Decrease in GMV and Revenue due to transfer of Cross Platform Business to Global Commerce
- Strengthen efforts to expand popular domestic entertainment content on Buyee to overseas markets

	FY2024 Results	FY2025 Forecast	YoY
GMV	0.07 Bil	0.05 Bil	▲29.2%
Operating Income	▲0.61 Bil	▲0.35 Bil	-

※FY2024 results have been adjusted to reflect the new segment structure

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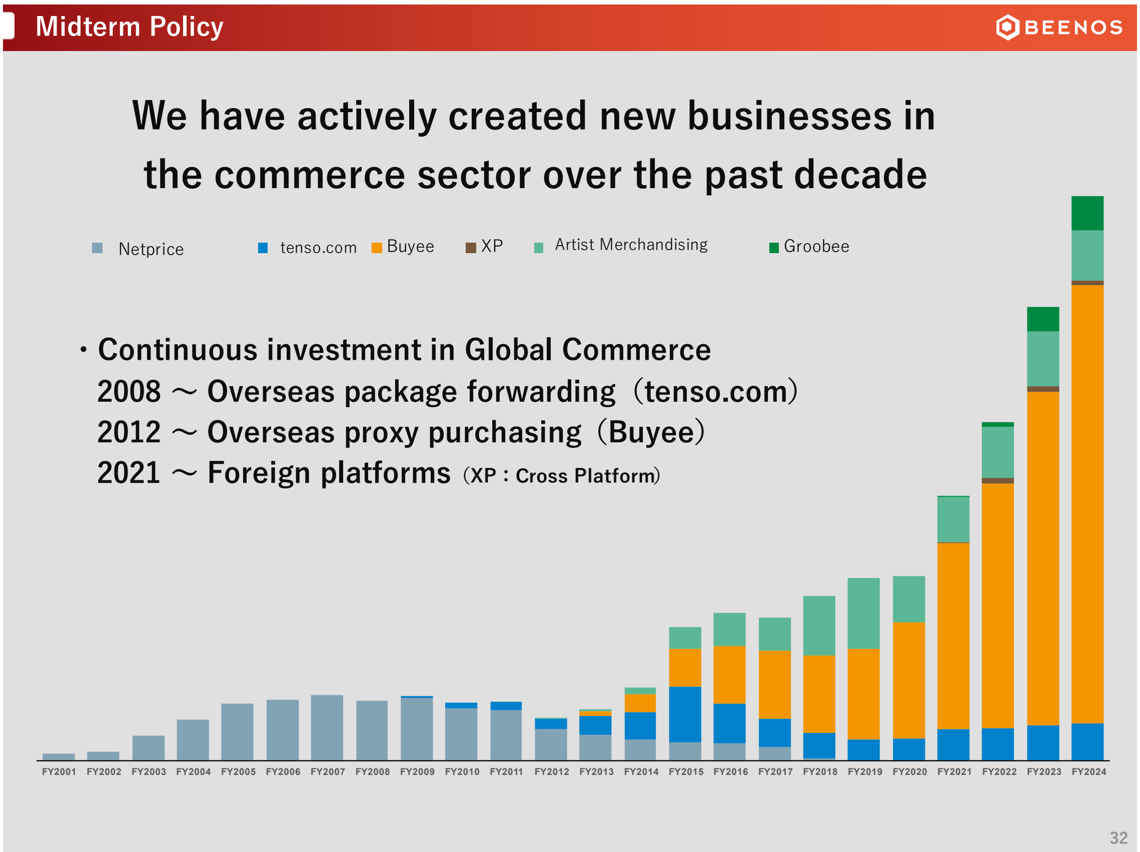
Turning to our other businesses, we recorded a segment loss of 610 million yen last fiscal year. For 2025, our profit plan estimates a reduced segment loss of 350 million yen.

A key factor here is the shift of our cross-platform business into the Global Commerce segment. This initiative connects Buyee with various global platforms, facilitating sales worldwide. As the GMV in this cross-platform business has grown, we’ve reallocated it under Global Commerce, excluding it from the other business segment moving forward.

In this context, we have compressed our future-focused research and development investments to limit our projected deficit to 350 million yen. That concludes the overview of each segment's figures.



Now, I'd like to discuss our medium-term policies and goals. Since our inception, we've focused on expanding our e-commerce business, constantly exploring and investing in new ventures that could drive the next phase of growth. I'd like to share how we've evolved and grown over the years.

For those familiar with BEENOS's history, some of this may resonate. For others, this may be the first introduction. Our Cross Border business is now at the core of our operations, a direction we intend to maintain. Initially, we operated primarily in the Japanese domestic e-commerce market, as seen on the far left of the chart, represented in gray. Our first e-commerce venture, NetPrice, grew along the top line and eventually was divested.

With insights into the domestic e-commerce landscape and recognizing emerging global trends, we decided to pivot toward Cross Border commerce. The internet has significantly reduced information gaps; for example, consumers in rural areas of Japan could now buy products usually available only in urban centers. We believed this impact could extend across borders, allowing anyone worldwide to access the products they want. This led us to enter the Cross Border E-Commerce field.

Our cross-border journey began in 2008. At the time, nearly no Japanese e-commerce services were available to international customers, so we launched various initiatives, starting with the "tenso.com" business. tenso.com was designed to enable Japanese e-commerce stores to easily reach overseas consumers by providing a forwarding service where we received goods domestically and then shipped them internationally. Represented in blue, this service addressed the logistical hurdles, allowing international customers to purchase items from Japanese sites, eventually surpassing 10 billion yen in GMV.

As this logistics solution took off, new challenges arose. Japanese e-commerce sites required foreign customers to make payments directly on their platforms, often through credit cards. This resulted in issues with credit card fraud, a concern raised by e-commerce sites. Additionally, many international consumers, especially in markets like China, did not have credit cards, as alternative payment methods like Alipay were emerging. In response to these needs, we launched Buyee, a separate platform from tenso.com, which provided payment solutions and became a trusted conduit between Japanese e-commerce sites and international consumers. Represented in orange, Buyee was well received by users and boosted cross-border shopping on Japanese sites.

This shift was further supported by a favorable currency trend, moving from a high-yen period (around 80 yen to the dollar) to a phase of yen depreciation, amplifying business growth during the so-called Abenomics period. This favorable exchange rate accelerated our growth, making Cross Border E-Commerce a core business for BEENOS.

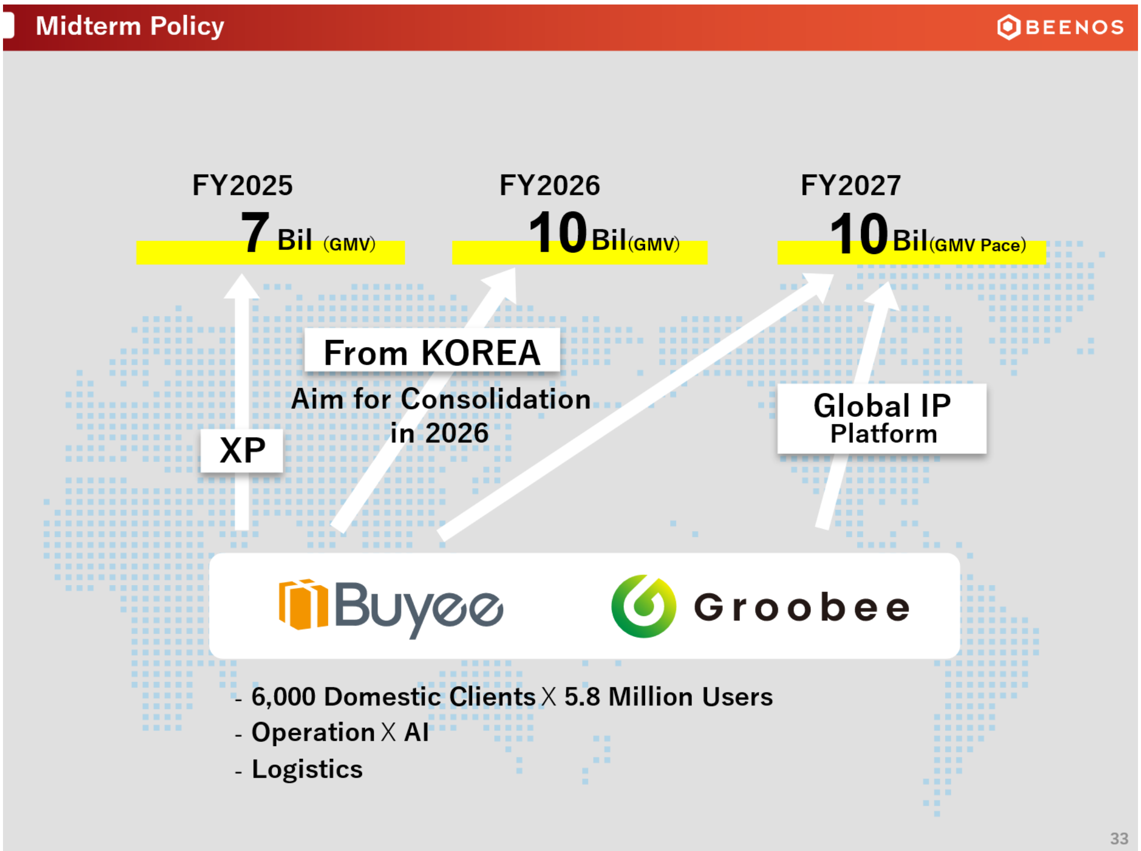
Looking ahead, while we provide the Buyee platform, there's still the challenge of reaching overseas customers who love Japanese products but may not yet know about us. For this reason, since 2021, we've also been actively connecting with overseas platforms to broaden our reach beyond Buyee. This shift was partly driven by requests from our clients, who wanted to explore ways to boost sales. While Buyee campaigns have contributed to revenue growth, as shown in orange on our charts, we began trialing partnerships to link products to overseas platforms for even wider reach.

This approach underscores our commitment to evolving our services in response to changing market dynamics, client needs, and the demand from overseas consumers for seamless access to Japanese products. Our goal is to adapt our services to meet these shifts and ensure Japanese products can be easily accessed across borders.

While we will continue to grow the Buyee business, we are also committed to investing in new ventures that will allow us to expand further. An example of this is our artist merchandise segment, represented in light green, where we've used our e-commerce expertise to develop this business domestically. In the Cross Border E-Commerce space, however, nearly 40% of our sales consist of content products such as anime and entertainment-related items, reflecting a strong demand from international users for these types of goods.

This demand has evolved significantly. When we first launched tenso.com, the focus was more on bulk purchases of certain goods, as with the Chinese "bakugai" (explosive buying) phenomenon. However, as Buyee has expanded through partnerships with more companies, we've found that nearly 40% of sales now involve content-based products, underscoring the growing international interest in Japanese entertainment.

In response to this shift, we've developed strong networks with IP holders to support their needs and connect these products with overseas consumers. This led to the launch of Groobee (in dark green), which has successfully expanded our distribution network. Through Groobee, we're working to meet the growing demand for Japanese IP content worldwide, helping us drive continuous growth and further develop the Entertainment segment.



We've undertaken a range of new initiatives, even though some shareholders suggested we should focus solely on Buyee. However, as a management team, we are committed to our vision and have pursued new business opportunities based on that conviction. In FY2025, our Cross Platform business (XP) has already achieved an annual GMV of 7 billion yen, and we aim to reach a 10 billion yen pace within this fiscal year. Looking beyond FY2025, we are confident we can exceed this 10 billion yen target.

Additionally, as we continue to connect various platforms worldwide, we're expanding beyond Japan to source products from other countries. After evaluating different markets, we've chosen to focus on products “From Korea.” Just as Japanese hobby and pop culture items are in high demand globally, we know that products from Korea also enjoy strong international interest.

Given that there are few well-established players focusing on cross-border commerce from Korea to global markets, we see an opportunity to apply our expertise and global network to this market. Our goal is to become the leading cross-border platform not only for products from Japan but also from Korea, leveraging our logistics, operations know-how, and service network to establish a top position in this market as well.

Up until now, we haven’t disclosed specific figures, but in the previous fiscal year, we reached a GMV pace of 5 billion yen from Korea. This fiscal year, we are working to consolidate this revenue, which involves considerable preparation as we’re dealing with a foreign entity. Our goal is to complete these preparations within the fiscal year so that we can start incorporating these figures into our consolidated earnings by FY2026. At that point, we aim to achieve a minimum of 10 billion yen in GMV from Korea, a figure we believe to be quite realistic.

Another strategic growth area for us is accelerating our entertainment and IP-related content business. Currently, about 40% of Buyee’s business involves entertainment content and IP-related products. To further enhance this, we plan to build a global IP platform on top of Buyee’s system. This market has substantial potential, with Buyee already generating approximately 30 billion yen in annual GMV. We intend to construct a platform that makes it easier for users interested in Japanese IP to discover and purchase products, while also enabling Japanese IP companies to reach global consumers more effectively.

Our target is to achieve a GMV of 10 billion yen within three years, and we are committed to this endeavor. To support this growth, we are dedicated to nurturing our relationships with our existing client base of approximately 6,000 domestic businesses and continuously improving our services. Additionally, with over 5.8 million registered users globally, we must ensure we are consistently promoting Japanese products to this audience. The global market is evolving rapidly, and as I mentioned earlier, we anticipate further changes. To meet these challenges, we are strengthening our operational systems, utilizing AI to ensure scalability and efficiency as we grow, minimizing potential operational disruptions.

Finally, the logistics landscape is volatile, and we expect continued fluctuations. We are focused on enhancing our logistics capabilities to provide stable, affordable services for our international customers.

In line with our Cross Border business strategy, we continue to invest in new business opportunities, positioning ourselves for sustained growth. As Miura mentioned earlier, our primary objective is to achieve 5 billion yen in consolidated operating profit, excluding our Incubation business, and to maintain an ROE of over 20%. While focusing on profitable core businesses, we are committed to delivering returns to our shareholders. Despite potential market fluctuations this fiscal year, we are prepared to respond swiftly and achieve our targets.

Thank you for your attention.