

## Contents of the Question and Answer Section during the 3Q FY 2019 Financial Results Briefing

The following is a summary of the questions asked and the responses given during the financial results briefing held on Friday 2 August. Some portions have been edited and modified for clarification.

**Q1. What are your profit plans for FASBEE Inc. in your Incubation Business?**

We plan to use the first year and a half to acquire users via promotions for FASBEE and boost its GMV. As FASBEE is able to use the necessary features and platforms from our existing subsidiaries in the Cross Border Business, we are able to operate FASBEE at a relatively low cost which allows us to allocate a bigger budget in promotion costs. We forecast that these promotional costs will make up a lot of FASBEE's SG&A, but we aim to be profitable in a year and a half.

**Q2. What are your ensuing plans for new businesses following FASBEE?**

We intend to continue to launch new businesses, but they are still currently in the early stages. We will make an announcement whenever the businesses are ready.

**Q3. If the monetization of your appraised gains in the Incubation Business sums to a large amount, how are you planning to return to shareholders (i.e. increase in dividends, share repurchase, etc.)? Which do you think you would prioritize?**

If our existing businesses sees a large growth, we want to return to our shareholders regardless of the outcome the sale of our investments. Methods would include increased dividends. As for share repurchasing, we will make that decision at the appropriate time while monitoring our stock price and make the most appropriate type of return for our shareholders.

**Q4. Do you believe that you will be able to monetize 20% of your appraised gains of your operational investment securities? Is there any possibility that the plans would be pushed back?**

Though we cannot deny the possibility of not reaching our mark by the target date, our forecast to monetize 20% has not changed nor do we think it is difficult to achieve. We want to maximize profits with our sale of investments but also aim to monetize as soon as possible and use those funds to make more investments.



**Q5. Is it safe to say that you have not entered into any contracts to sell investments as of June?**

We do not have anything that we can announce at this time.

**Q6. Your forecast to monetize appraised gains goes until the first half of the next fiscal year. How is it going to be divided between this fiscal year and next fiscal year?**

We want to maximize profits while monetize as quickly as possible.

**Q7. Has your appraised gains increased since you last announced it (end of March 2019)?**

We cannot explain in detail until our next announcement (end of September 2019), but if you keep track of the news of the growth of India and ASEAN countries you can tell that the news is on the positive side.

**Q8. Do you have an idea for your plans for selling investments after the second half of 2020?**

We do not have any definitive plans at the moment. We want to maximize profits as we make new investments to companies that we foresee a lot of growth. We also believe that networking with our investees is very important for the company and our subsidiaries so we want to make investments that would broaden that network as well.

**Q9. Will you be using the funds from the sales of investments solely within the Incubation Business or will you also use it for existing businesses in the E-Commerce Business as well?**

We generally use our sales from our investments within the Incubation Business, including creating new businesses. Our current businesses are in positions where they do not need a large financial boost. Our investment policy regarding new investments is that we invest in the early stages and with a low portion to broaden our network.

**Q10. Has China's new EC laws and South Korea's boycotting of Japanese products affected Buyee's service or any genre of products?**

We have not seen any ill influence on our services. We are actually seeing a greater affect from China's FX rate (CNY to JPY) but Buyee's service is still growing despite these circumstances. We believe we have entered a stage where competitors can't keep up with our growth. China used to make up about 45% of our transactions 4-5 years ago, but it has decreased below 20% which is another contributing factor as to why China's situation has not impacted our services. In regards to product genres, we do not focus on cosmetics



sold in drug stores (likely for the purpose of reselling) so those influences are also minimal. Our forte is in content products in entertainment, anime, artists, fashion, etc. and we aim to differentiate ourselves from other companies through these fields. Cosmetics would make us have to compete with local players as well as major Japanese cosmetics brands, so we want to avoid them and partner with Japan's content holders and find new business opportunities. China has recently improved their attitude towards contents and licensing, so we believe that it's opening a major chance for content businesses, as well as in ASEAN countries, where we hope to position ourselves nicely.

**Q11. How will Buyee's services become more profitable in the future?**

Our biggest strength is that we have a Cross Border EC platform that does logistics, payment, customer support and collects data. We utilize these strengths to partner with clients and Japanese manufacturers to be able to immediately sell their products without incurring large costs. For example, FASBEE also operates on this platform so it can provide its services without major costs. As we continue to spread this platform, the sales data we obtain will also become a large asset. We have also constructed an international marketing and international shipping scheme, so as we create more products, we can sell them at a higher margin. Our Pokémon cosmetics line is a great example of this. We were able to create it through our experiences in planning, manufacturing and selling products and now we are able to ship them globally on our platform. We want to further develop this platform to grow our business.

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