

## **Contents of the Question and Answer Section during the 4Q 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 8 November. Some portions have been edited and modified for clarification.

(Questions Regarding the Cross Border Business)

**Q1. What is the breakdown of the income for the FY2020 forecast between From Japan and To Japan?**

We have not disclosed the specific breakdown for the income between From Japan and To Japan. We believe both will increase, but we will see a greater contribution from From Japan through its partnership with Shopee and streamlining marketing strategies.

**Q2. Cross Border is doing very well. Are there any recent trends in the types of products being purchased?**

There have not been any changes in the types of products being purchased. We have proactively implementing several marketing strategies that have showed positive results. We are building on the ones that have been especially productive and creating a framework where we can expound on it from an organizational standpoint and increase growth.

**Q3. Specifically, what kind of marketing strategies were implemented in the Cross Border Business?**

Normally people think of mainland China when they hear about Cross Border E-Commerce, but we have always put our primary focus elsewhere in countries besides mainland China that show signs of growth. The marketing strategies in these countries are coming to fruition. We are planning to increase the number of available languages for our services to acquire more users from ASEAN countries. Our partnership with Shopee is a part of this strategy.

**Q4. The forecasted increase in GMV for FY2020 is fractional. How do you foresee Buyee's growth in the coming year?**

We have not disclosed the breakdown of our forecasted GMV. We are conservative on our outlook for the Value Cycle Business and Retailing and Licensing Businesses and believe that the Cross Border Business, especially From Japan, will be the main driving force this year.



(Questions Regarding the Value Cycle Business)

**Q5. The Value Cycle Business had a good 4Q despite the increasing competition in the market. Was there a positive change?**

The second hand market is, in fact, growing and we foresee that it will continue to grow.

Defactostandard has used its resources to advertise their services to gain recognition in this competitive market, but we have been able to suppress advertising costs and use them more efficiently in 4Q which led to positive results. We do believe that spending in advertising is still necessary, but we plan to modulate the timing and amount to be used.

(Questions Regarding the Incubation Business)

**Q6. What are your thoughts on your incubation portfolio as the growth of your appraised gains for your operational investment securities has stalled a little bit?**

Our investment strategy is on a mid-long range perspective mainly in ASEAN countries. We may see different types of movement short term, but in the long term we are certain that the ASEAN region will grow. We also enter these investments at very early stages so there is a lesser risk of large losses compared to investing a large amount in later stages.

**Q7. You say that your plans beyond April 2020 in regard to the monetization of your investments is to be determined. Does that mean that if there is no large sale of investments in FY2021 that sales and profits would decline?**

Generally, we plan for growth in sales and profits year on year, but we do not want to focus on that to the point where we would end up selling our investments at an inopportune timing. This is all predicated that the E-Commerce Business will consistently grow. We are committed to grow our E-Commerce and its related businesses.

**Q8. Are you going to be using the resources from the sales of your investments to create new businesses in FY2020?**

We are planning to use the profits from our sales to new businesses in addition to profit reduction, re-investing in promising investments and finding new investments.

**Q9. What's the breakdown between the Investment Business and the Start-up Business in the Incubation Business?**

We have not disclosed the breakdown, but the sales in the Investment Business in FY2019 was about 2.1 Billion JPY, profit was about 2 Billion JPY and appraised losses were about 200 Million JPY (equals 1.8 Billion in profits). Consider the remaining difference from the 1.4 Billion JPY segment profit as



losses from the Start-up Business.

**Q10. What is the current situation with FASBEE Inc.?**

We have been able to see how users reacted and what kind of products and brands are attracting interest since the service launched in July. We have also seen some usability challenges that need to be mended. We will aim to remedy these challenges, increase the variety of brands to offer and continue to promote the service in FY2020. We believe that it will be a contributing factor in FY2021 at the soonest.

(Overall Questions)

**Q11. Recent reports say that the changes in algorithms for search engines have been affecting many services. How has the BEENOS Group handled these changes?**

We have a team dedicated to SEO and they have done a remarkable job taking immediate action to any changes and we will continue to have this framework in place. However, our main Cross Border Business's main traffic comes from channels other than search engines (generally from partnered EC sites) so the affects of a change in algorithm is limited. Optimizing SEO for Japanese sites in foreign countries is extremely difficult, primarily from a language standpoint, but as our SEO team continues to research trends and tactics, we foresee a possibility to even tackle SEO countermeasures in foreign countries.

**Q12. What was the large influx in accounts receivable trade in 4Q?**

The payment for the sale (contract) of 2 Billion JPY of operational investment securities in September was scheduled to be paid out in October, so it was booked as accounts receivable trade at the end of FY2019. The payment has been received as scheduled.

**Q13. How should shareholders think about the Dividend Ratio for FY2020 decreasing?**

Our main plan is to pay out dividends consistently and to increase dividends in stages. We have decided to increase dividends by 5 JPY for FY2019 and plan to, for the time being, keep it that way for FY2020. We will revisit this plan as we continue with this fiscal year. Furthermore, we also plan to return to shareholders in other ways including stock buybacks.

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