

## Contents of the Question and Answer Section during the FY 2020 Annual Financial Results Briefing

The following is a summary of the questions asked and the responses given during the financial results briefing held on Friday 6 November. Some portions have been edited and modified for clarification.

### **Q1. Please tell us your forecast in the FROM JAPAN Business for FY2021.**

Our FY2021 forecast for the Global Commerce Business is 34.2 Billion JPY in GMV, 7.6 Billion JPY in net sales and 2.15 Billion JPY in operating income. Though we are not disclosing the specific breakdown between FROM JAPAN and TO JAPAN, it is our expectation that FROM JAPAN will see double digit growth in FY2021 and will be the frontrunner of the growth of this business.

### **Q2. Please tell us your plans for the Brandear brick and mortar stores. Also, will all stores here on out be “Brandear Liquor”?**

We are still in the trial phase of figuring out the geographic location and type of stores that we want to roll out. We have opened stores near train stations in prime locations such as Ebisu and Shinjuku, and our next plan is to open stores in more wealthier areas. We will also continue to test other store methods including collaboration stores with JOYLAB and make a definitive plan after we’ve experimented with various types of stores.

Brandear’s main focus will continue to be purchasing luxury items but we have seen some potential in the collaborative efforts to purchase liquor, so we aim to maximize Brandear’s name value in future endeavors.

### **Q3. What is the breakdown of sales and operating income between the “Investment and Consultation Business” and “New Businesses”?**

We do not disclose the breakdown within the Incubation Business. We will consider disclosing the breakdown if we see it to be appropriate.

### **Q4. Why do you think Cross Border EC is gaining a lot of traction?**

There are a lot of reasons as to why Cross Border EC is doing well, but for BEENOS, in particular, we believe that our growth has come as we have improved our services and our new partnerships have shown success.

We have seen an increase in GMV in the US with IP merchandise being among the top selling items. We are hypothesizing that Japanese entertainment contents, including anime, are being consumed on streaming services. We believe that the increase in media consumption due to COVID-19 has led to a higher demand for Japanese merchandise.



**Q5. Is it not possible for you to sell merchandise online during online events in the Entertainment Business and record gains?**

The reason we have been able to maintain the current level of sales is because of selling merchandise online. We recognize that there is an increase in online events, but we also see simultaneously the movement to safely resume live events. However, it will become much more difficult to sell merchandise as it produces long lines. Our “narabee” service that allows customers to pre-purchase merchandise and pick it up at a scheduled time will have many more opportunities to be utilized. We have been able to implement this service already at some event venues and we continue to develop more solutions specific to the entertainment field as a mid to long-term goal.

**Q6. Cross Border is showing a very healthy growth in 4Q. Is this trend going to continue?**

The large growth of 4Q was, in some part, due to the stoppage of international shipping in 3Q which GMV and sales carried over in 4Q when the items were shipped. Regardless, we did see a 10% increase in orders received QoQ (48.7% increase YoY). We believe that this trend will continue, which is the basis to the forecast we announced for FY2021. However, this forecast is the bottom line as it does not include the potential growth that could come from new partnerships that are under negotiations.

**Q7. The bar has been set fairly high for sales of operational investment securities. Would it be possible to maintain this standard in the future?**

We acknowledge that the bar has been set at a high standard in FY2020 regarding our sales from investments, but we believe that it is possible to meet these standards. Some of our investees are showing rapid growth and others are in legitimate phases of IPOing so there is an opportunity for us to sell and maximize profits. However, we do not take the decision to sell these investments lightly as it directly correlates to the profit reductions to our shareholders which is why we intend to sell our stakes at the opportune moment. For this reason, we do not believe that it is appropriate to disclose our forecast for the sale of investments. We appreciate your understanding on the matter.

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