

Financial Results Meeting for the Fiscal Year Ended February 29, 2024
Q&A Session (Summary)
(Held on April 16, 2024)

[Question] What is the Company's evaluation of the number of new customer acquisitions increasing in the fourth quarter from the third quarter in FY2024?

[Answer] The number of new customer acquisitions in the fourth quarter of FY2024 increased 17% compared to the third quarter and is perceived as positive. However, it is necessary to view this carefully, as while the increase is not temporary, there is no guarantee that such increases will continue.

[Question] Profit is forecast to decrease in FY2025 even though the number of new customer acquisitions increased quarter on quarter in the fourth quarter of FY2024; how should this be interpreted?

[Answer] The financial results forecast for FY2025 was calculated based on the assumption that the pace of new customer acquisitions will continue from the fourth quarter of FY2024. As new acquisitions in the first quarter of FY2024 were rather strong, new acquisitions in the first quarter of FY2025 will fall year on year. As new acquisitions will not exceed the first quarter of FY2024 even taking the full year into consideration, profits are expected to decrease as a result. However, the pace is not expected to decrease from the fourth quarter of FY2024, and we recognize that the third quarter of FY2024 was rock bottom.

[Question] How much impact do internal and external factors have on the increase in the number of new customer acquisitions?

[Answer] We recognize that factors are almost all internal, and there are no impacts from external factors. The impact of ad creatives such as advertising and sales pages were significant. Whereas in the past, there were issues in approaches to improving advertising, these are being resolved. On the other hand, we are currently still working to resolve issues with landing pages after the ads are clicked.

[Question] I believe the strategy aiming to expand financial results several years ago was through increasing the number of products handled; is it correct that the recent strategy is not to increase the number of products, but a strategy to expand through strengthening ad creatives with existing products?

[Answer] For FY2025, we plan to expand sales through strengthening ad creatives for existing products in the first half, and from the second half onward, we would like to consider introducing new products, but it is undecided at the moment.

[Question] Other than increasing the workforce by approximately 20% in FY2025, are there plans to introduce external knowledge?

[Answer] For training concerning marketing, we plan to continue with in-house education since we have developed our own systems.

[Question] Have returns and cancellations settled in the fourth quarter of FY2024? Has the optimization of ad wording been completed?

[Answer] Although returns and cancellations have decreased compared to the peak, they have not completely settled. We are continuing to optimize ad wording to prevent misrecognition, etc., as many of the Company's users are in the older age bracket.

[Question] Although improving the quality of ad creatives for sales pages is proceeding, how about decreasing sales promotion expenses, etc. in FY2025?

[Answer] The plan has been prepared based on the assumption that the recent pace of new customers will continue. Although the financial results forecast for FY2025 uses the pace of new customers for the fourth quarter of FY2024, it is expected to fall below the previous year if current trends continue. Sales promotion expenses, etc., will not be reduced on purpose, but we are simply expecting that the result will be a decrease if the current trend continues.

[Question] Because of the impact of red mold rice, there may be headwinds for health foods overall; will there be an impact on the Company?

[Answer] There will be virtually no impact on the Company.

[Question] The workforce is expected to increase approximately 20% in FY2025; approximately how much was the workforce increased in FY2024?

[Answer] The workforce was increased by approximately 40 persons, or approximately 20%, including part-time workers and casual workers.

[Question] What are the improvements to ad creatives for sales pages?

[Answer] As the purpose of sales pages is to entice customers to purchase, we are working to create content, details, and pages to deepen the intent to purchase, and develop a story with advertising before the customer views the landing page. Furthermore, even if a sales page with a high rate of purchase is created, user reactions deteriorate after a certain period of time due to the occurrence of the “fatigue (boredom) phenomenon,” and it is necessary to continuously create fresh sales pages with different perspectives and angles.

[Question] How many people are currently assigned to the New Business Planning Office, and are there any products being developed or sold other than e-cigarettes?

[Answer] We will refrain from answering as the number of people assigned to the New Business Planning Office, products in development, etc., are not disclosed.

[Question] With the introduction of initial discounts and the state of cancellations, has LTV not decreased compared to FY2023? Accordingly, has the CPO limit also not decreased?

[Answer] LTV changes depending on measures and products, and we will refrain from disclosing the status. In addition, even if LTV decreases, the CPO limit will be adjusted downward in line with the decrease. Although profit per new acquisition will decrease, the profit margin will not change.

(Note)

This document is not a direct transcript of the Q&A session held at the meeting.

Please note that partial corrections and revisions have been made based on the judgement of the Company to improve understanding.