

Financial Results Meeting for the Fiscal Year Ended February 28, 2025
Q&A Session (Summary)
(Held on April 17, 2025)

[Question] What was the status of new customer acquisitions in March/April 2025?

[Answer] There was a slight increase in comparison to February 2025.

[Question] What kind of content do you intend to publish in the medium-term management plan to be announced in July?

[Answer] We intend to cover our plan for the next three years. While this will include net sales, profits, and our dividend forecast for the fiscal year ending February 28, 2026, the indicators that will be announced are currently under examination.

[Question] Is my understanding correct in that you will not change your stance on maintaining the advertising investment balance? Does this mean that you intend to stay this course even if there is a surge in advertisement prices, as long as it is considered efficient?

[Answer] Our process is based on profit, and therefore, our policy is to keep this stance moving forward.

[Question] Does an improvement in the evaluation of ad creatives refer to an increase in the number of ads created, a higher ad click-through rate, or other factors?

[Answer] Ad creatives are evaluated based on CPO, the number of new customer acquisitions, and CVR.

[Question] What kind of difficulties are you facing in resolving the issues for sales pages?

[Answer] The challenge is that creating content for advertisements and sales pages requires very different elements and skills, and as a result, there are significant differences in the training methods for each type of content. As such, in addition to providing education, we are promoting the recruitment of individuals with creative experience.

[Question] Seeing as recruitment marketing is connected to corporate branding, is this effort being conducted by a dedicated department?

[Answer] The Recruitment Marketing Department is staffed by personnel concurrently serving in the Online Marketing Department.

[Question] Regarding ad creatives for acquiring new customers, does this mean that it is becoming harder to convey the merits of products?

[Answer] This does not mean that it is becoming harder to convey information on products; it means that reactions to ad creatives are deteriorating compared to before due to the phenomenon of exhaustion (growing tired of viewing it) when it comes to ad creatives. As such, after a certain period of time, it is necessary to create new ad content that uses different approaches.

[Question] Are your products being buried by intensifying competition in the market environment?

[Answer] Our products are not being buried in the market, because they are not purchased based on comparisons with the products of other companies.

- [Question] How do you analyze the difference between successful ad creatives versus those that are not?
- [Answer] Ad creatives are considered successful when they feature an established concept of “who,” “what,” and “how” and proceed to express that concept in an eloquent manner. Currently, our expressions are rather hit-or-miss as we have established a solid concept of “who” and “what,” but are still adjusting our approach to the idea of “how.”
- [Question] Is this the first time for you to announce a medium-term management plan?
- [Answer] Yes, we plan to announce our first medium-term management plan based on the anticipated decrease in profits for FY2026 and corresponding need to explain our future outlook, and our improved ability to account for the impact of new products, which had remained uncertain until now.
- [Question] Is my understanding correct that you create 10 products annually that satisfy the numerical conditions for a hit after launch?
- [Answer] That is correct. The products that we develop are designed to meet the numerical conditions and pushed to launch based on the assumption that they will be a hit.
- [Question] What specific conditions are involved in the numerical conditions for new product development?
- [Answer] We conduct surveys targeting external audiences to assess, for example, their interest in purchasing these products, or identify products that they have a high intent to purchase based on open-ended comments provided in relation to these products. Additionally, we further refine these numerical conditions by conducting surveys for already-launched products as if they were new products.
- [Question] What is your approach to corporate branding?
- [Answer] In the E-commerce business, we place less emphasis on conventional branding, instead adopting the approach that it is more effective to provide after-branding engagement to customers who have purchased the product. That said, corporate branding remains important for recruitment, and we believe we are currently recognized as a company with strong capabilities in online marketing.

(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.