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# Q&A for the Financial Results Briefing for the Fiscal Year Ended June 30 2025

On August 28 2025, we held an online financial results briefing for the fiscal year ended June 30 2025. This document summarizes and makes public the main points of the Q&A session. Some amendments have been made for clarity.

**Q1: In FY2025, both sales and profits reached record highs, but the gross margin declined. Could you share your outlook for gross margin improvement from next fiscal year onward, and the breakdown of such improvement (including the impact of higher-priced product mix and DX initiatives)?**

A1: Last year, sales increased by 30%, and gross profit became 34.4%. The SG&A ratio decreased to 31.9%, but the gross margin fell from 36.5% to 34.4%. This was due to both the reuse business and the mobile business.

In the reuse business, the proportion of higher-priced products increased. In general, for second-hand goods, the lower the unit price (such as books and clothing), the higher the gross margin, while the higher the unit price, the lower the margin. Accordingly, gross margin fluctuates depending on the portfolio. Although gross margin itself turned out slightly lower, the portfolio is gradually shifting toward higher-margin products. As a result, while the gross margin declined, gross profit increased and the SG&A ratio fell.

Therefore, the decline in gross margin in the reuse business is not necessarily negative for us, and we recognize it as a background factor behind improving productivity. The consumer reuse business still maintains a gross margin of about 43%, while the mobile communications business has a gross margin of around 30% or less. With the significant growth of the mobile business, the overall gross margin of the group declined, but efficient gross profit growth was secured. Next fiscal year, the ratio of the mobile business is expected to settle somewhat, and we do not expect major fluctuations in the gross margin. With further improvements in SG&A ratio and productivity, we anticipate steady and significant growth in operating profit.

**Q2: In FY2025, it looks like the sales growth of used agricultural machinery has come to a halt. Do you expect to return to high growth again?**

A2: This business started about seven years ago with small-scale purchase requests and grew rapidly over six years to reach around 3 billion yen annually. At its peak, overseas sales accounted for 70% of the total, driving significant growth, but this time, the surge in ocean freight rates caused the slowdown. Currently, we are rebuilding the business model, including systems, to reinforce the structure so that it can achieve sustainable growth suitable for the market. This segment is already profitable, and we aim for appropriate-scale growth.

**Q3: Through which sales channels is the mobile business deployed? Also, why is its growth faster than the market expansion? Please also comment on synergies with the reuse business.**

A3: First, in the mobile communications business, we provide the "Kashimo WiMAX" service. Demand for unlimited Wi-Fi usage both at home and outside has been growing year by year, and needs for WiMAX—which we provide as an OEM model of UQ—are increasing further. Our pricing is very simple; instead of cash-back promotions, we keep monthly charges low, allowing unlimited use. This simplicity is appreciated by users. Recently, home routers that can be used just by plugging in, without construction, have also gained popularity, receiving high evaluations alongside simple pricing.

Our strength lies in digital marketing. For example, in the reuse business, we receive about 430,000 purchase requests annually, and about 200,000 through the "Oikura" service, totaling 630,000 requests. Many of these are sales accompanying life events, with about 30% related to moving. Mobile users are also largely younger, and they often need internet connections during life transitions. Our digital marketing strength directly contributes to expanding the mobile communications business. Based on this data, we will further expand services.

**Q4: Each business segment appears independent, but are there synergies?**

A4: This is close to what I mentioned earlier, but we acquire customers through digital marketing. For example, people selling refrigerators or washing machines are likely moving, and those selling agricultural equipment may be leaving farming. We can understand such life events through sales data. We then decide whether to respond via home visits or through delivery/in-store channels, secure customer touchpoints, and conduct CRM. In this sense, synergies arise with the mobile communications service. Although each individual business may appear loosely connected, we believe there is significant synergy centered on our web marketing capabilities.

**Q5: The number of home assessments and home purchases in the reuse business has recently decreased somewhat.**

A5: As you pointed out, home visits have decreased, but delivery and in-store purchases have grown significantly. Looking back at past data, when home visits increased, delivery and in-store decreased, and vice versa. At that time, we considered home visits as the most profitable means, and that recognition has not fundamentally changed. However, our strength lies in online customer acquisition and optimal proposals. Depending on the situation, we conduct home visits where appropriate, and otherwise shift to delivery or in-store handling. As a result, by handling cases that would be costly as home visits through delivery or in-store, we simultaneously increased gross profit, increased the number of requests, reduced SG&A, and ensured profitability. Now that we have rebuilt this mechanism, we intend to once again increase the number of requests while steadily driving profit growth.

**Q6: If you are accompanying life events, I believe that not only mobile but also subscription services such as electricity and gas could be applicable. Can you build a similarly simple and profitable business portfolio? What is your sales outlook? Will competition be intense?**

A6: Thank you. We have a small segment called the media business, which recorded sales of 462 million yen in FY2025. This business earns commission income by sending customers to other companies, and we have already sent customers to power companies and the cheapest gas providers. Thus, we have already engaged in electricity and gas referrals, but in the mobile communications business, we developed and provide our own OEM product. For us, it is important first to firmly grow the foundations of the reuse and mobile businesses, so we integrated the media business into each of these segments. Going forward, while considering services that contribute to life events, we will continue referrals to other companies and ultimately explore services we can provide ourselves.

**Q7: In the reuse business, the number of purchases is expanding across home, delivery, and in-store channels, but home visits are bottlenecked by manpower constraints. Assuming that efficiency improvements by AI and DX will be possible in the future, what is the positioning of the home channel?**

A7: The overall reuse market is growing at about 6% per year, and there is steady demand for home visits in connection with decluttering or end-of-life arrangements. At the same time, there is growing demand for easy disposal via delivery or in-store, as personal sales are troublesome and people want to securely sell items containing personal information. For these reasons, we believe the reuse market will continue to expand. Home visits are already widely accepted in society, and needs are increasing to sell a variety of products together, not just precious metals but also home appliances and PCs. Our strength lies in our very wide product coverage, enabling us to handle multiple items from a single request. For cases judged appropriate for home visits, we dispatch specialized buyers and aim to improve overall gross margin. We will secure the optimal number of cases in each of home, delivery, and in-store, while improving profitability. For smartphone purchases, we encourage use of delivery or in-store instead of home visits. Even if the number of home visits does not grow, the business as a whole can expand. By combining online and offline and broadening optimal proposals to users, we aim to drive further growth.

**Q8: Up to now there has been no dividend, but having returned to profitability and expecting profit growth ahead, what are your thoughts on dividends?**

A8: Although progress is not at the level of our mid-term plan, we believe we are once again in a position to continue growth. With that, we see the stock price bottoming out and the potential to resume growth.

Last year, our shareholder benefit program drew attention, but if we can secure sufficient profit, we would like to consider dividends as well. We cannot yet comment on timing or amount, but we will consider it at an appropriate time.

**Q9: Could you tell us the churn rate of the mobile business?**

A9: The churn rate is not disclosed, but behind the steady increase in contracted lines is the fact that new subscriptions are growing while cancellations are decreasing. This is the result of our efforts to suppress churn. By analyzing cancellation reasons in a data-driven manner, we clarified under what conditions customers would not cancel, and what proposals are effective in unavoidable cancellation cases. As a result, ARPU and LTV have been improving with reproducibility, and we will continue to promote such measures going forward.

**Q10: Please tell us concretely about the factors behind periods when the number of lines was flat versus when it increased rapidly.**

A10: Thank you. The service grew gradually from launch, but the initial rapid growth was temporary due to the COVID-19 pandemic. People could not go to workplaces, and needed internet connections at home and for education. After that, demand settled, and we entered a stable growth phase rather than a rapid growth phase. Now, we are again in a rapid growth phase. This is because we are confident in the service and are running advertisements. As I mentioned earlier, with ARPU rising, we can advertise without undermining profitability, and our ads reach customers. The combination of simple pricing and ease of use has led to this renewed growth.

**Q11: Profit margins are improving, but to what level do you think they can be raised?**

A11: When we were listed on the Mothers market, our operating profit margin was about 6%. We recognize that it is possible to reach that level again. Based on the current operating profit margin, we expect to achieve over 3% this fiscal year. We will continue expanding the business while improving efficiency, aiming for that level.

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