

enigma

Materials for Financial Results Briefing

FYE January 2023

Business performance

FYE January 2023

Despite a challenging external environment, net sales reached 6.8 billion yen

- ▶ Overall trading volume was 63.2 billion yen, with both trading volume and net sales down from the previous year
- ▶ Overall trading volume of ultra loyal customers increased to 111% YoY, while light users struggled at 84% YoY
- ▶ Awareness increased from 41.9% to 53.6% due to the running of TV commercials
- ▶ Number of impressions on major media services increased more than sixfold from the beginning of the term, and sales via social media services also increased steadily
- ▶ Further enhanced product assortment and price advantage through collaboration with shops. Corporate trading volume continued to grow at 108% YoY
- ▶ Upgraded the search function on the BUYMA app, improved price displays, and provided an easy-to-use UI for checking inventory to make the service more user-friendly for first-time buyers
- ▶ GLOBAL BUYMA trading volume recovered to 118.3% YoY in Q4
- ▶ Increased hiring of system engineers, solidifying the foundation for making BUYMA even easier to use
- ▶ Repurchased 1.09 billion yen of treasury stock
- ▶ Resolved to pay regular dividend (10 yen/share)

Sales decreased due to exchange rate fluctuations and the impact of inflation
 Operating income also decreased due to strategic investments in TV commercials and human resources

Net sales



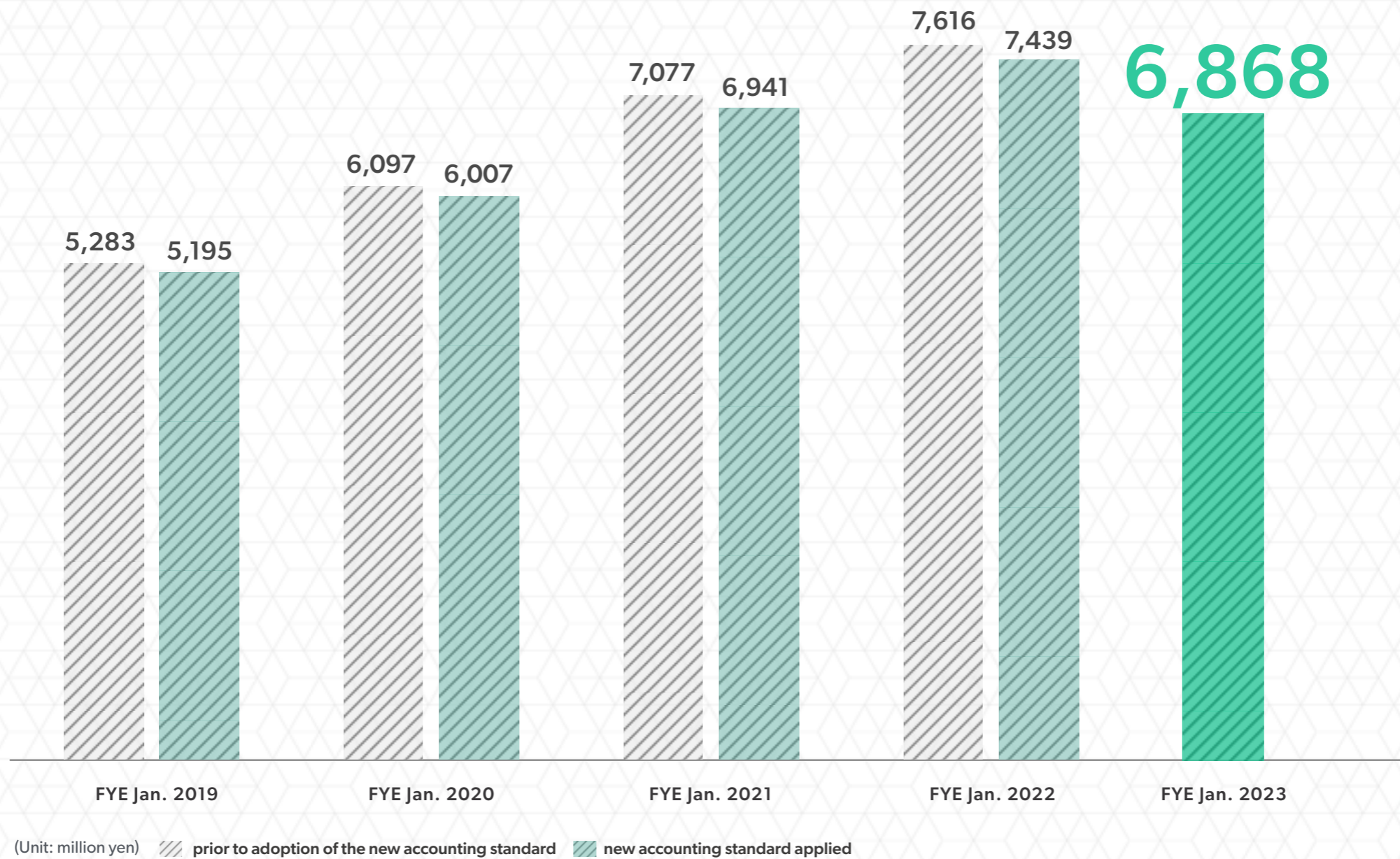
Operating income



	FYE 2023/1	FYE 2022/1	(Reference Info.) Applying New Accounting Standards FYE 2022/1	(Reference Info.) Applying New Accounting Standards YoY
Overall trading volume ※ Including payment	63,277	67,674	67,674	93.5%
Net Sales	6,868	7,616	7,439	92.3%
Operating income	1,136	2,971	2,977	38.2%
Ordinary income	1,143	2,979	2,985	38.3%
Net Profit	712	2,055	2,059	34.6%
Profit per share	17.48 yen	49.35 yen	49.46yen	35.3%

(Unit: billion yen)

Net sales 6.86 billion yen, 92.3% YoY (new accounting standard applied)

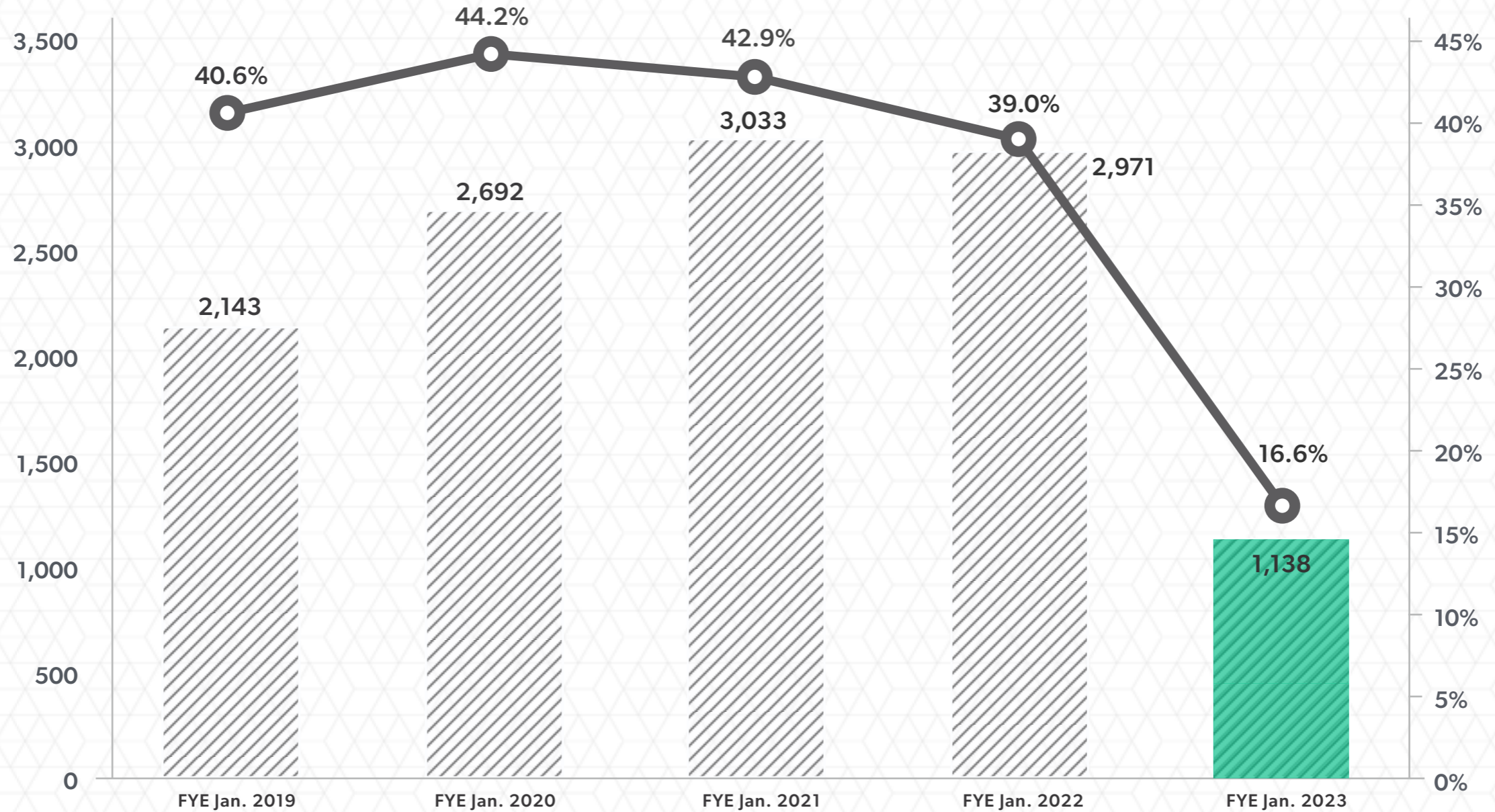





*The new accounting standard has been applied since the FYE January 2023.

Overall selling and administration costs increased 136% from the previous year
Selling and administration costs increased due to further strategic investments in TV commercials and recruitment activities

	FYE January 2023 (performance)	FYE January 2022 (actual results for the previous period)	YoY
Personnel costs ※	1,530 million yen	1,219 million yen	125.5%
Advertising costs	2,173 million yen	1,425 million yen	152.5%
Write offs	20 million yen	23 million yen	87.0%
Costs relating to systems	252 million yen	189 million yen	133.2%
Other	337 million yen	314 million yen	107.3%
Selling and administration costs	4,315 million yen	3,172 million yen	136.0%

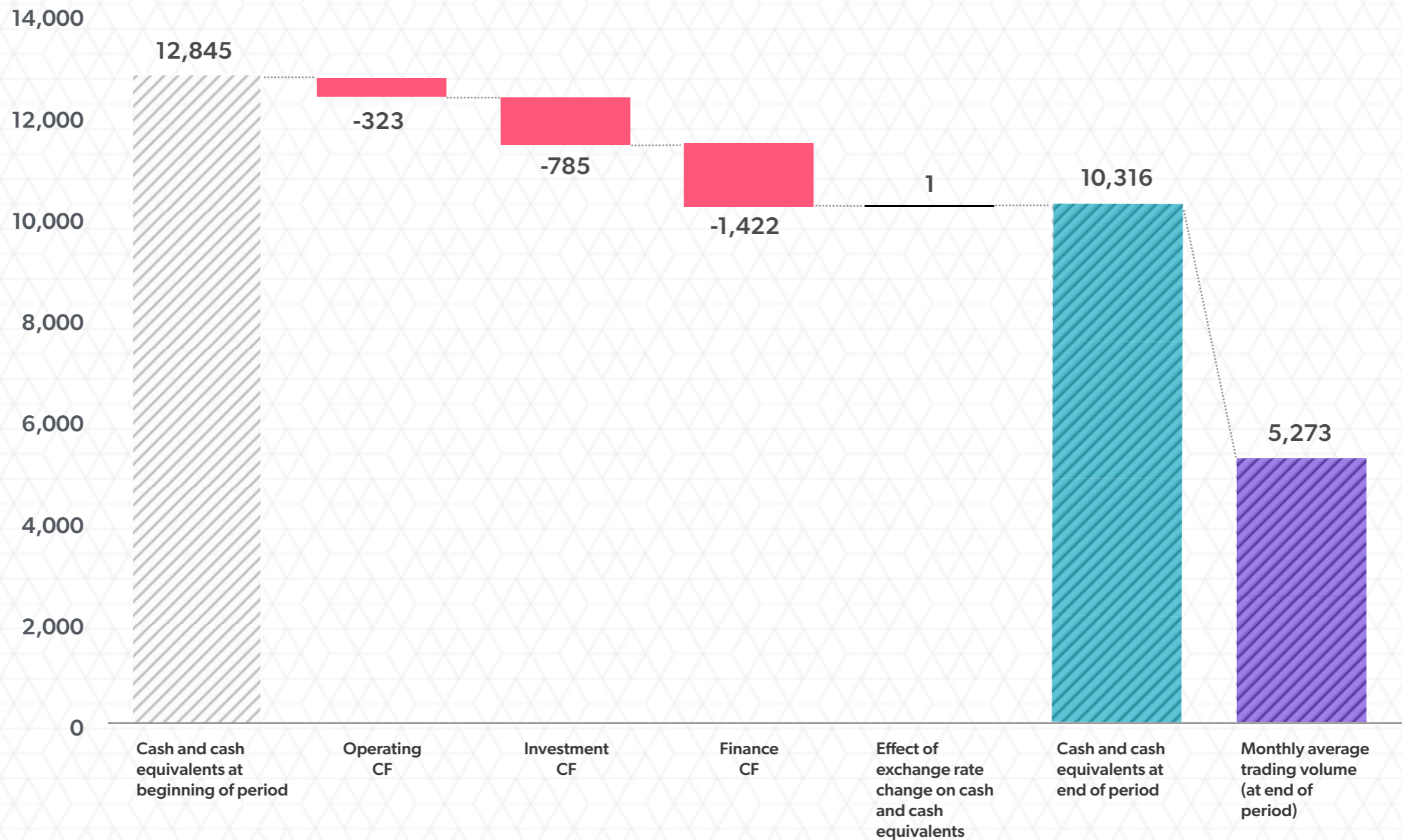
Operating income was 1.13 billion yen due to an increase in selling and administration costs resulting from strategic investments



(Unit: million yen)   Operating income  Operating Income ratio

Cash and cash equivalents at the end of the period totaled 10.3 billion yen due to investments and share buybacks

Maintained stable cash and cash equivalents relative to average monthly transaction volume



(Unit: million yen)

We plan to pay a regular dividend of 10 yen per share Dividends paid for four consecutive fiscal years

[Future dividend policy]

In order to be in a continual state of growth, we have made investments in growth our top priority (this includes not only M&A and capital tie-ups but also investments in human resources and strategic marketing investments that lead to growth in turnover).

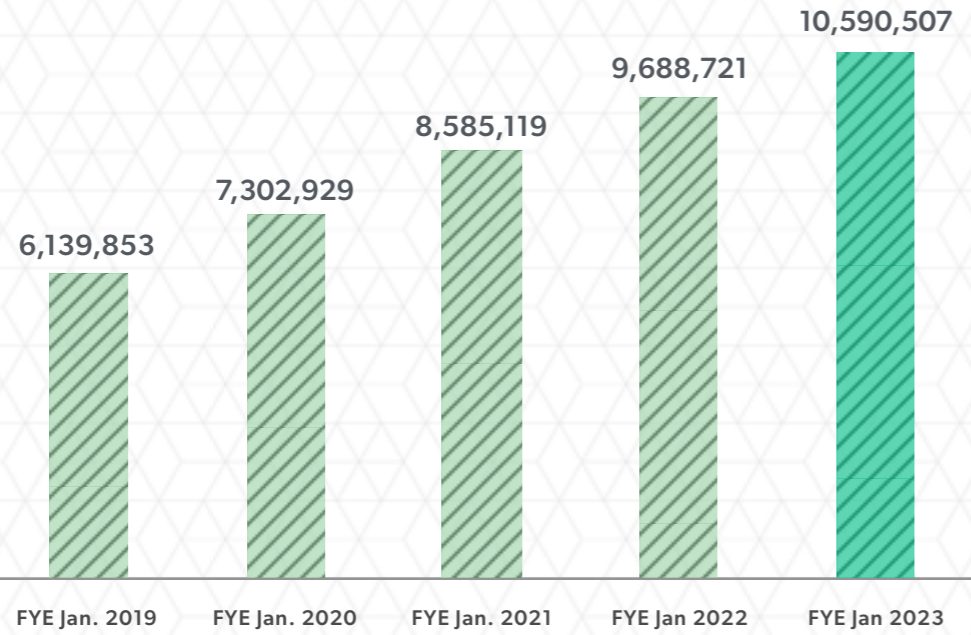
In regard to the dividend for the next term onward, while in some cases there may be no dividend payout depending on investments in growth and the present demand for funds, we will adopt a policy of striking a balance with internal reserves while giving comprehensive consideration to such factors as transitions in our performance, financial circumstances, and future business & investment plans.



Overview of BUYMA business

Transitions in major KPI

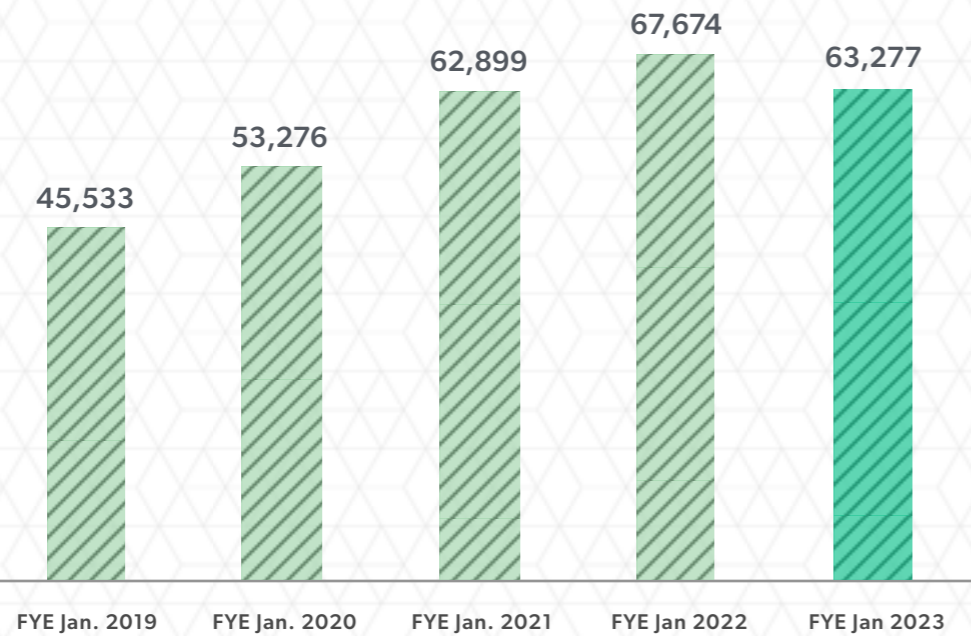
Number of members (Unit: person)



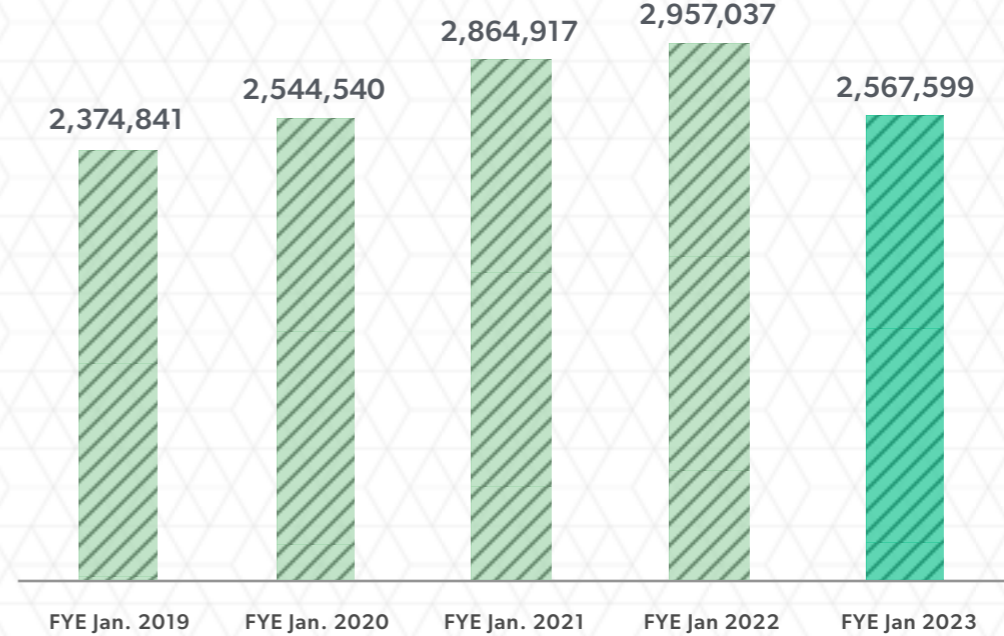
Number of active members (Unit: person)



GMV (total) (Unit: million yen)



Number of transactions handled (Unit: no. of transactions)



*GMV: Amount of account settlements including such things as payment for goods and fees for settlement of payment in contracted transactions

*Number of active members: members with a purchase history within the past year

Performance for FYE January 2023 – Overall trading volume

ARPU increased slightly due to the weaker yen and higher prices of items on display due to inflation overseas, but consumer confidence declined, resulting in a trading volume of 94% of that of the same period of the previous fiscal year



The number of purchases declined due to rapid changes in exchange rate trends and inflation.

On the other hand, purchase amount per person increased



* Unit price could be impacted by trends, having a kind of uncontrollable aspect

Review of measures for the second half

TV commercials aired nationwide on key stations from November 23rd to December 25th



Recognition of BUYMA through TV contact

STYLE HAUS

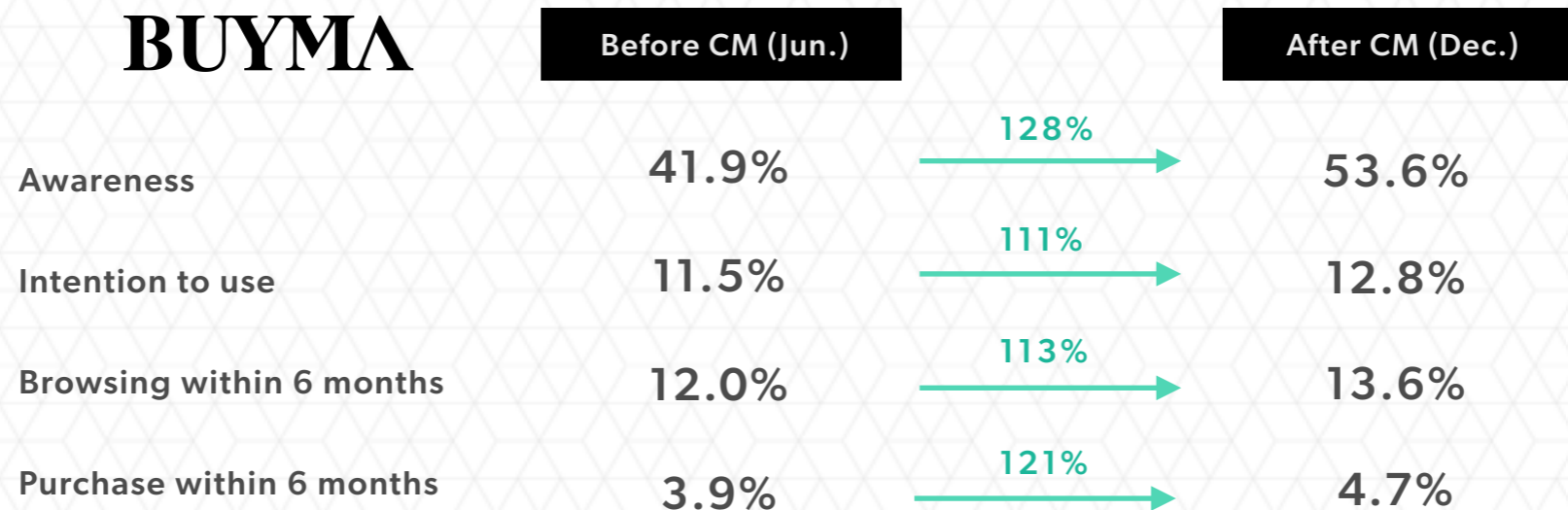
YouTube
Instagram
Twitter etc.

BUYMA

Style House and YouTube ads were also run during the same period to strengthen engagement with BUYMA from multiple perspectives.

Results of post-commercial awareness survey*

Awareness, intention to use, and usage rate all increased as a result of the commercials. In particular, we **achieved 128%** recognition to before the commercial were launched.



*Source: Survey of EC users within six months conducted by an advertising agency

Held an event in December 2022
Also conducted tie-ups with influencers to
strengthen awareness in the physical store

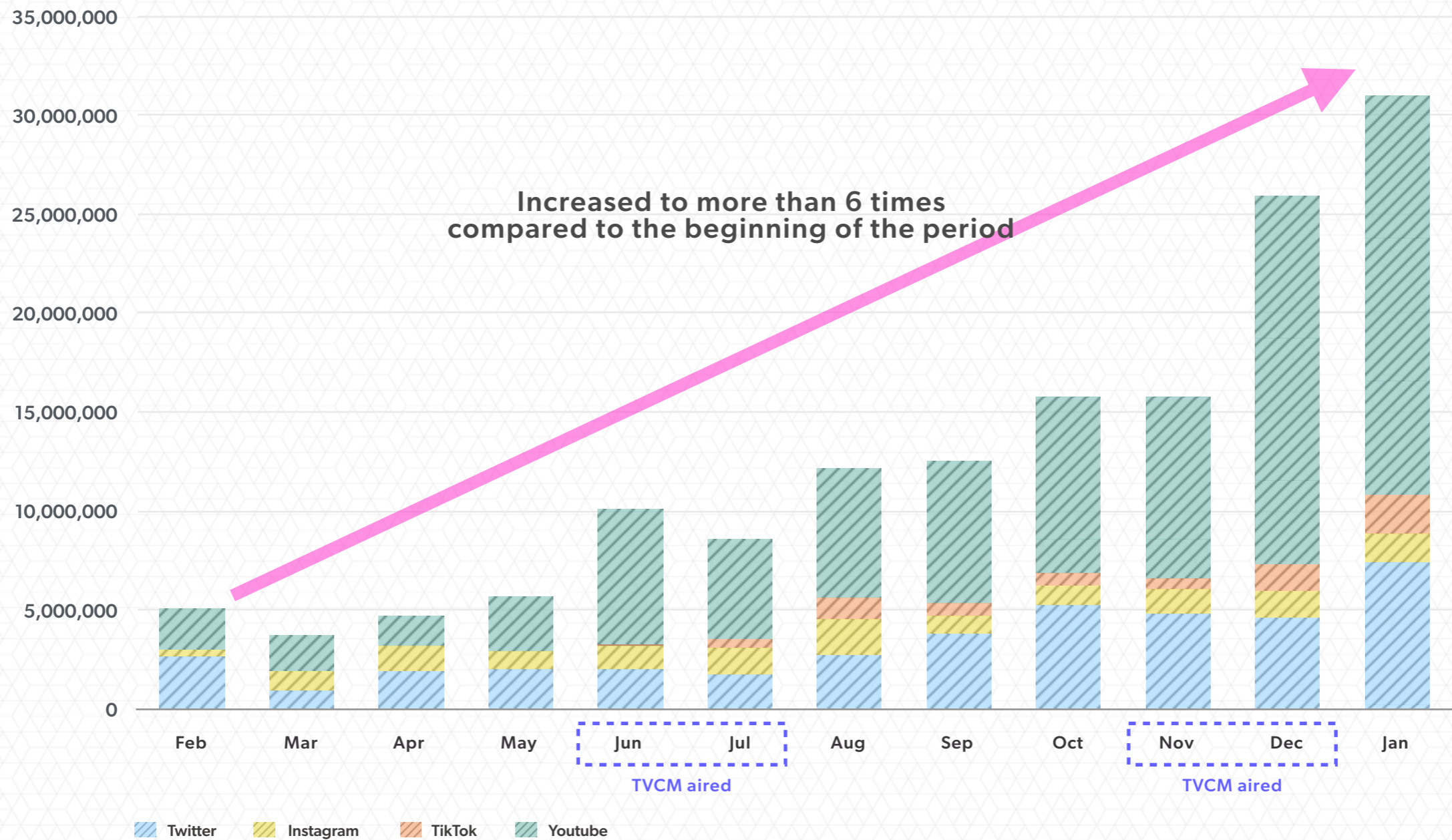


Collaborated with personal shoppers.
Provided visitors to the event with
opportunities to meet with shoppers with
whom they had previously only had online
contact, and to learn from them about
BUYMA's unique price advantages and
products that are difficult to find in Japan

The event also strengthened BUYMA STUDIO's
visibility on social media sites, including
tie-ups with influencers (see next page)

**Steady increase in the number of contacts from TV commercials to social media.
Established the foundation for marketing through social media**

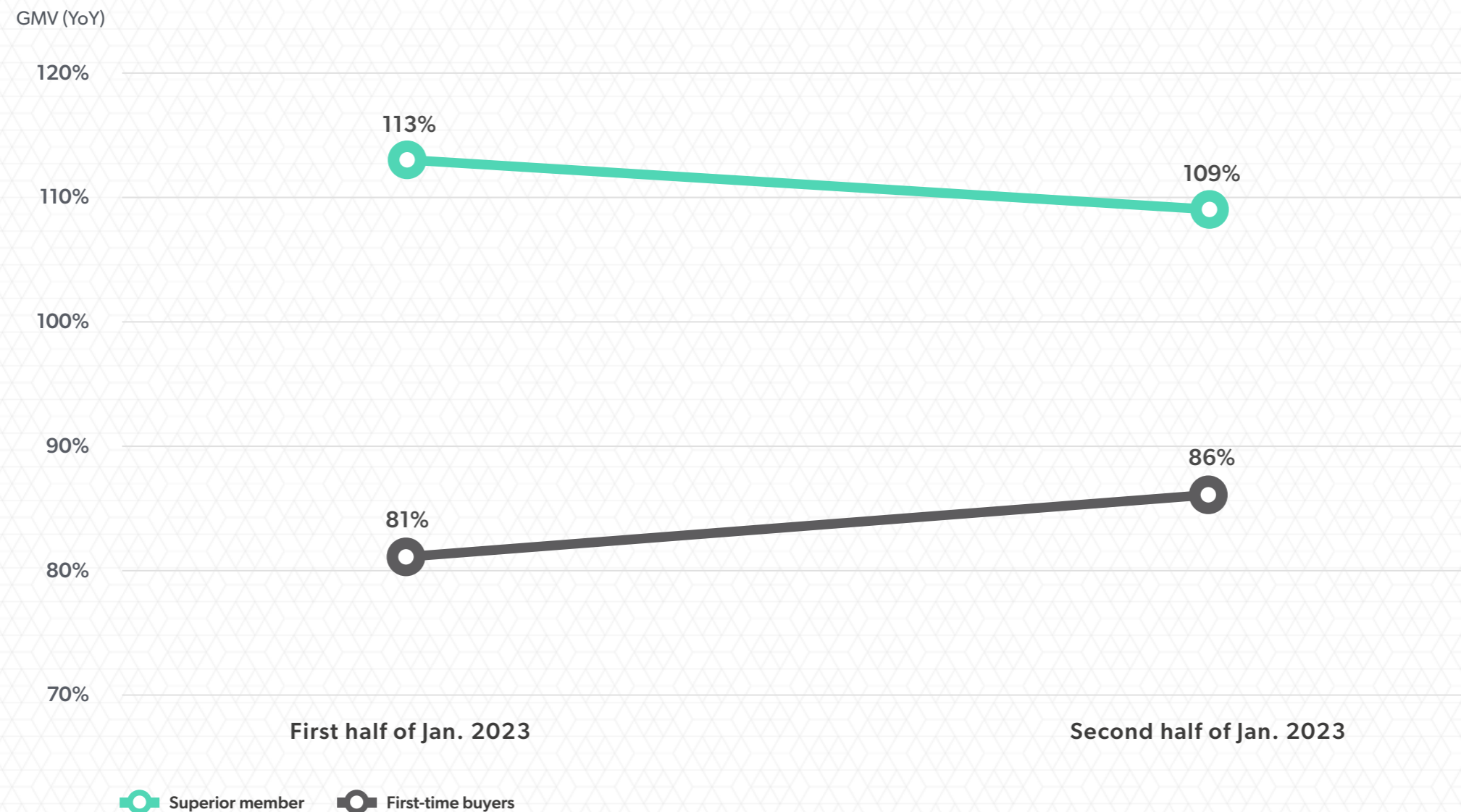
Number of impression by major SNSs



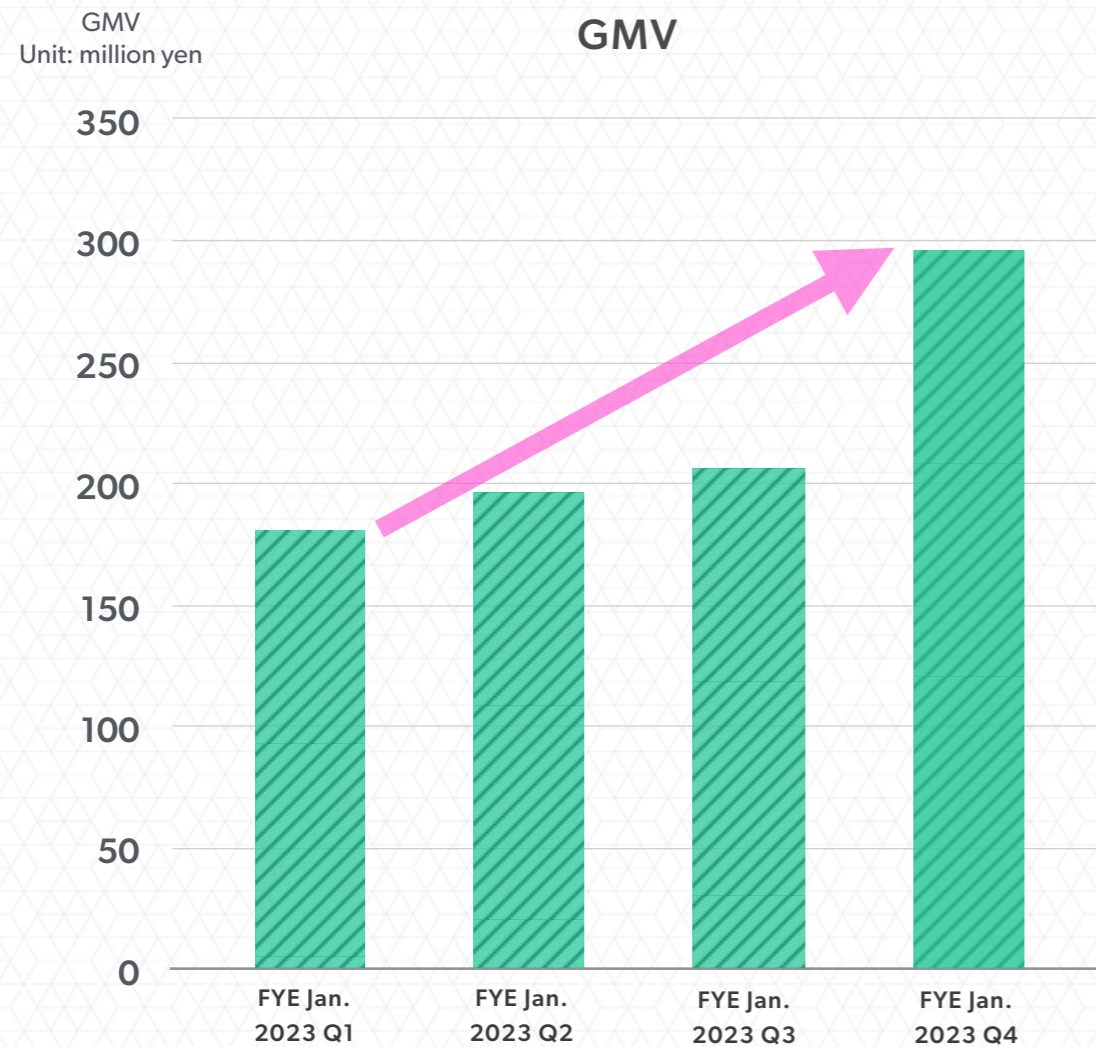
Transition on overall trading volume of ultra loyal customer and first-time buyer members

Overall trading volume for first-time buyers continued to struggle, but overall trading volume for ultra loyal customer members (those who purchased more than ¥500,000 in the previous fiscal year), who account for about 10% of the overall trading volume, continued to grow throughout the year

GMV of First-time buyers/Superior members for FYE Jan 2023



Although the growth rate slowed down in the first half due to the effects of inflation and reduced advertising spending, the effects of the increase in the number of exclusive sellers and the enhancement of SEO became evident in Q4, resulting in a record high quarterly and monthly overall trading volume



Progress throughout the year

PS Elite	Exclusive seller registrations were up 164% YoY. Full-scale recruiting commenced in Jan. 2023 with the start of recruitment ads
SEO	Top ranked search keywords were 158% YoY as of Jan
CVR	The ratio of orders to website visitors throughout the year was 116% YoY

Regarding FYE January 2024

Create a second business pillar following the BUYMA business
Make this a year of building a business portfolio that can reduce the impact of foreign exchange rates

Image of sales composition for
FYE January 2023

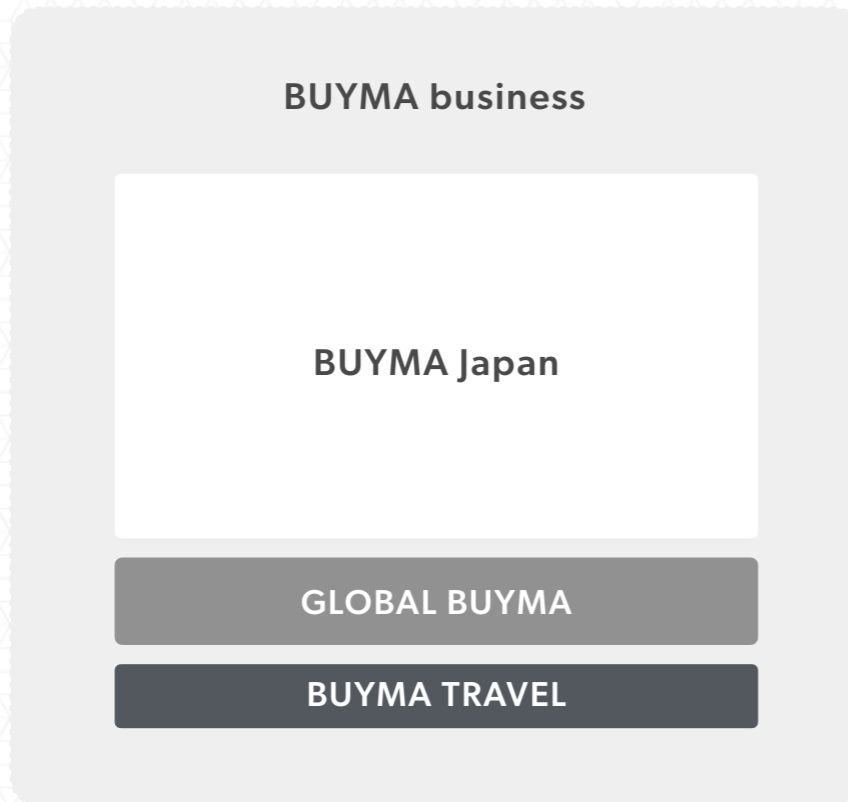
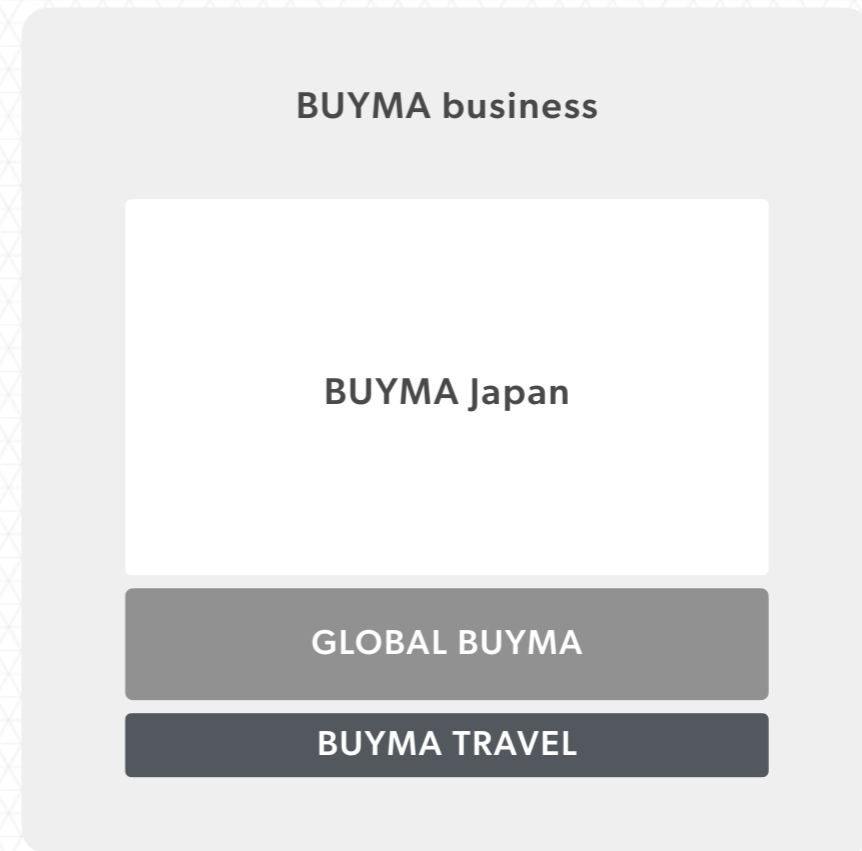


Image of sales composition for
FYE January 2024 and beyond



Evolution of customer experience in the BUYMA business and creation of a new revenue base through new businesses/M&A

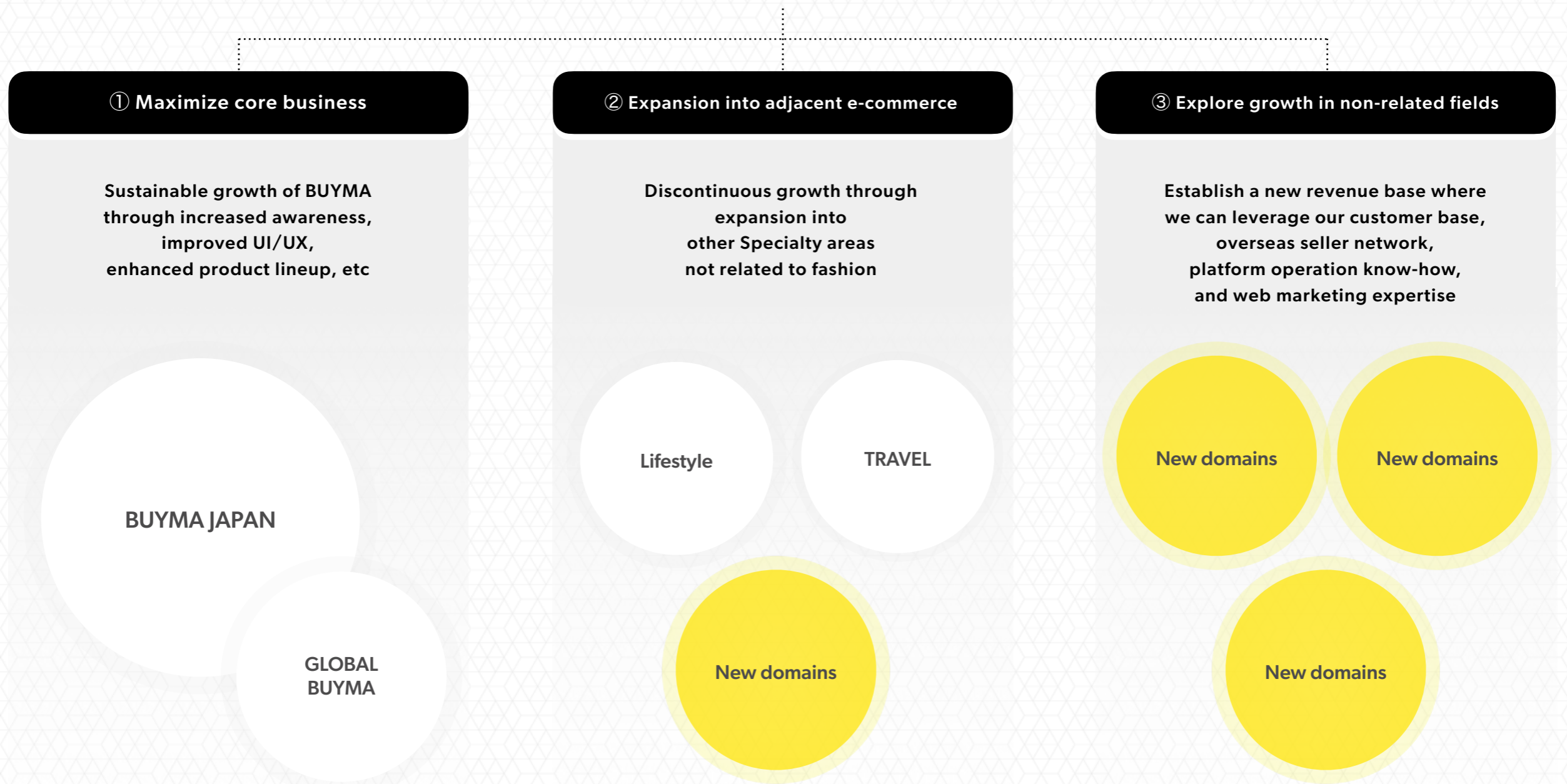
Clarify current numerical targets to the extent possible despite the uncertain external environment



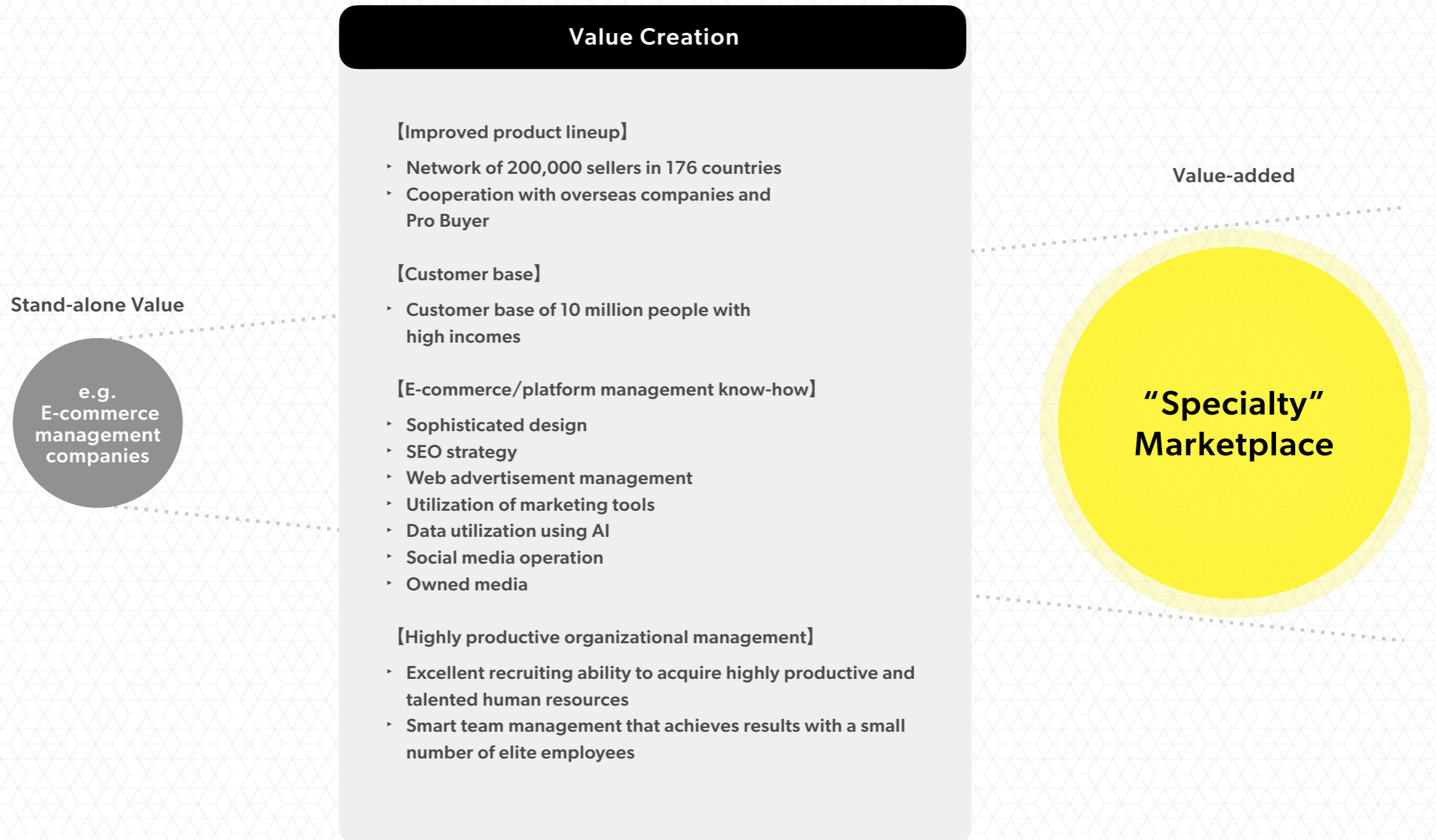
- ▶ **Aim for 100% YoY growth** in the BUYMA JAPAN business **amid a challenging external environment**
- ▶ **Achieve growth of 120% or more** YoY in the GLOBAL BUYMA business
- ▶ Bring the BUYMA TRAVEL business back on track for growth on the back of recovery in demand for travel
- ▶ **Build the foundation for achieving 1 billion yen in sales** through new businesses and M&A

Aims to build several "Specialty" marketplaces that will become new profit pillars while maintaining the domestic and overseas BUYMA business as pillars

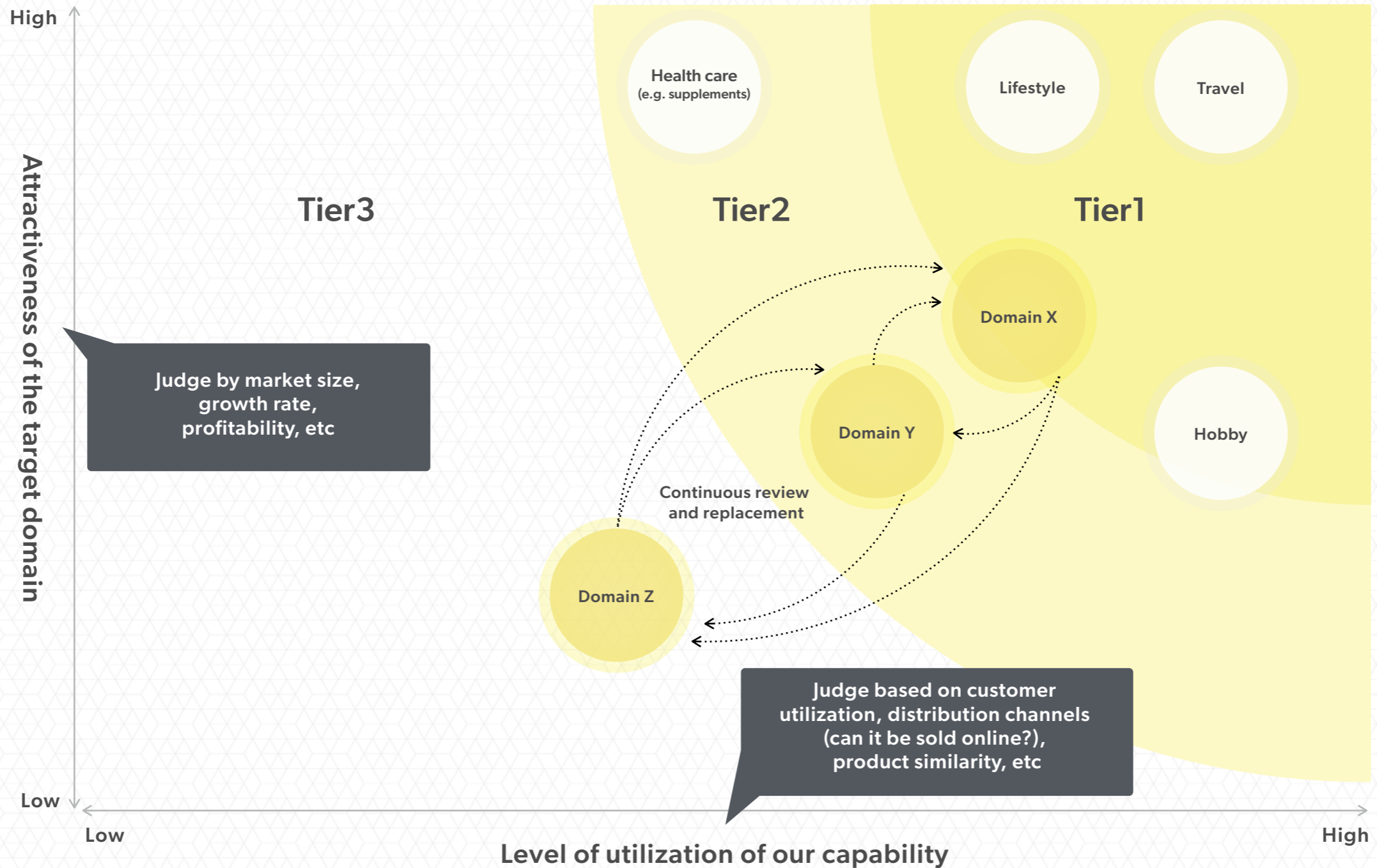
Growth strategy



We will leverage our capabilities to increase the value of M&A target companies, and if they are general e-commerce companies, we will sublimate them to Specialty Marketplaces like BUYMA, and create a second or third BUYMA



Build a business portfolio that is less directly affected by foreign exchange rates and overseas conditions by creating multiple revenue sources outside the fashion domain



**Aiming to diversify our portfolio, we invested in Cykinso, Inc.,
the No.1 company in terms of the number of intestinal flora tests conducted**



Cykinso



enigma

Customers with a high level of interest in health and a relatively high income

Provide intestinal and oral health tests and supplements
Plans to expand products and services, such as food, to the consumer market



Customer base of more than 10 million relatively high-income customers

Know-how in e-commerce operations for the ToC market

Support the growth of Cykinso, Inc. by leveraging our customer base, with which it has a strong affinity, and knowledge of e-commerce operations.

Aim to capture revenue in the intestinal flora-related market, which has a large TAM of approximately 7 trillion yen

Appointment of two Executive Officers to accelerate decision-making in new businesses and M&A and to promote flexible business execution



Hideto Yamanaka

**Executive Officer
General Manager,
Social Business Division**



Yusuke Imadera

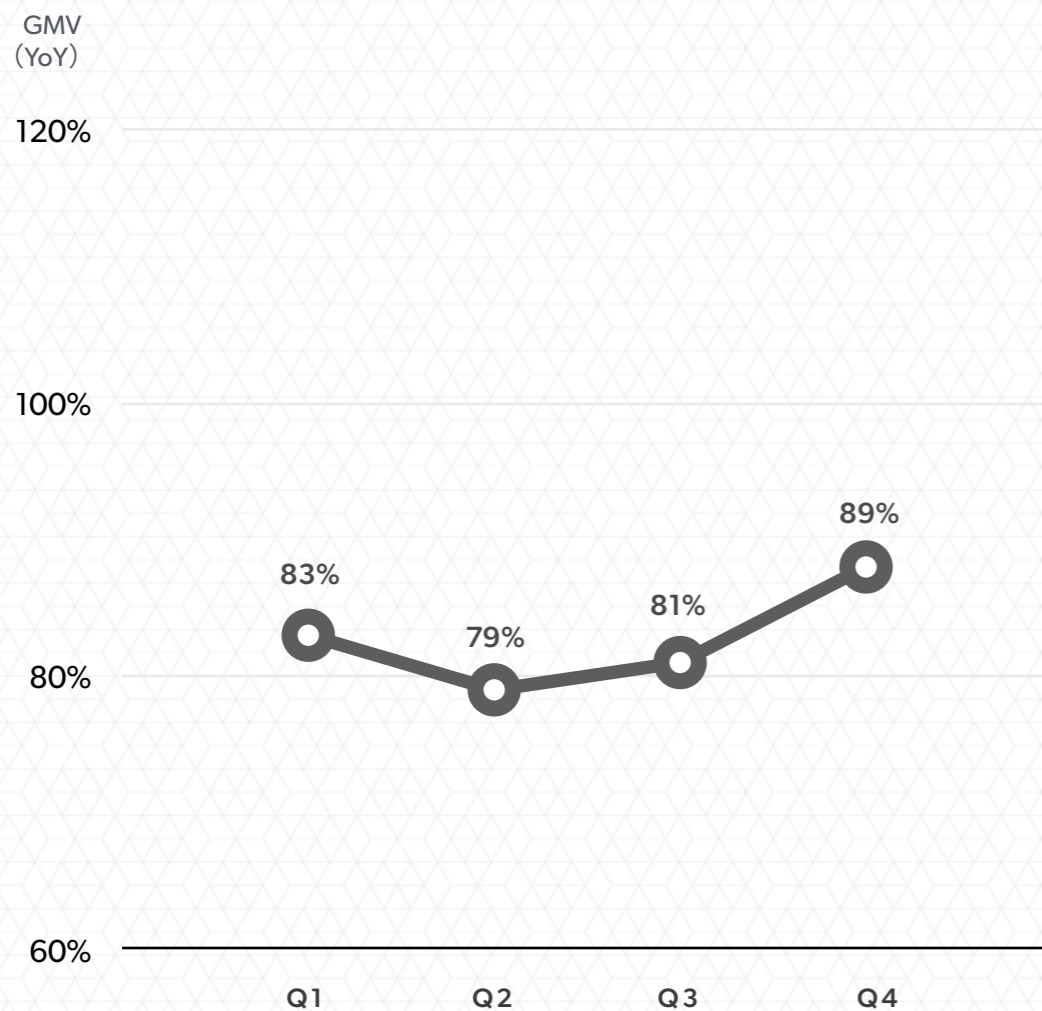
**Executive Officer
General Manager,
Customer Marketing Division**

Regarding the BUYMA business in FYE January 2024

In FYE January 2023, we implemented measures by user segment

Overall trading volume for first-time buyers began to show signs of recovery as a result of increased exposure through TV commercials and addressing UI/UX issues

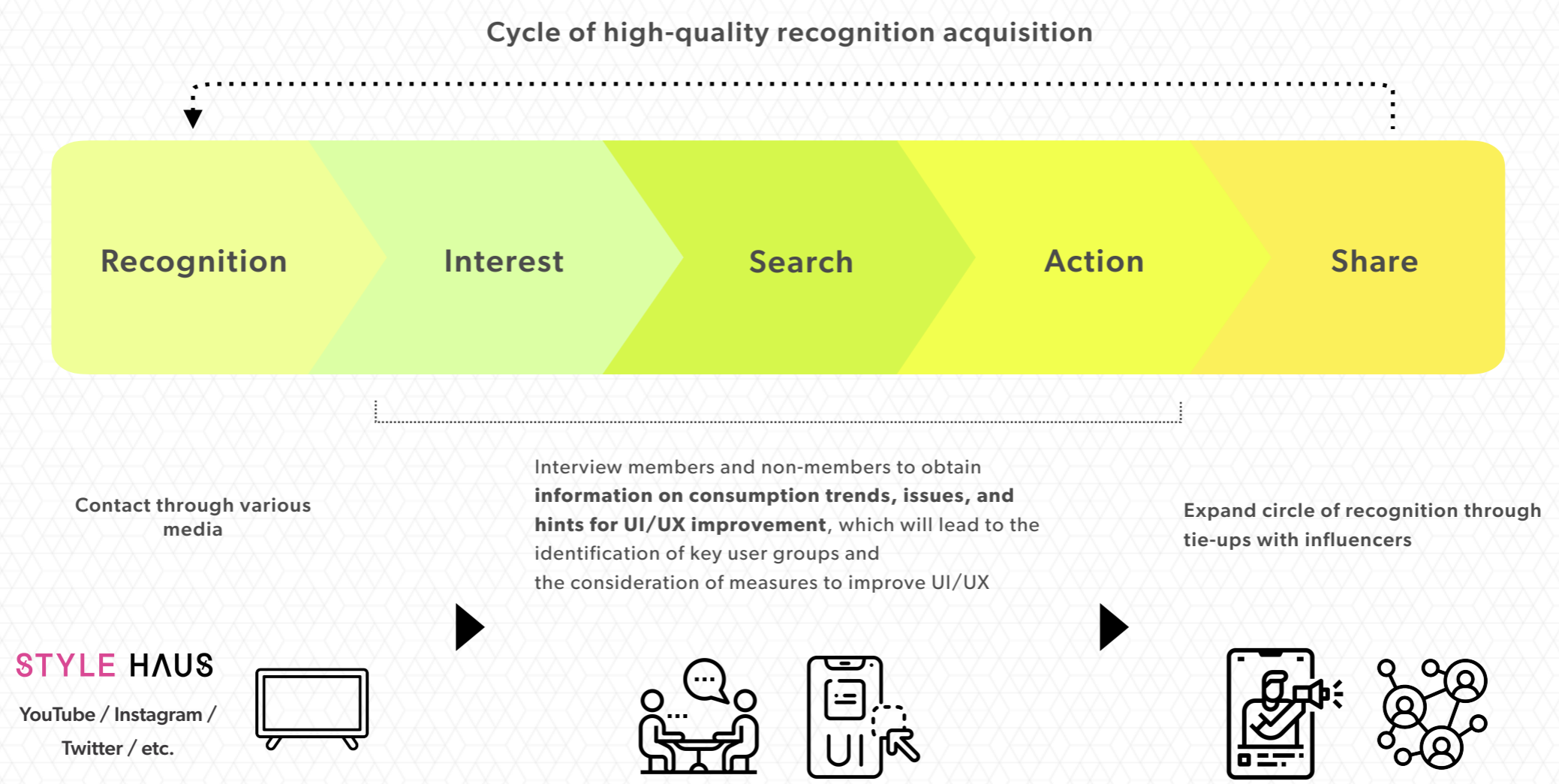
Overall trading volume for first-time buyer members in FYE January 2023



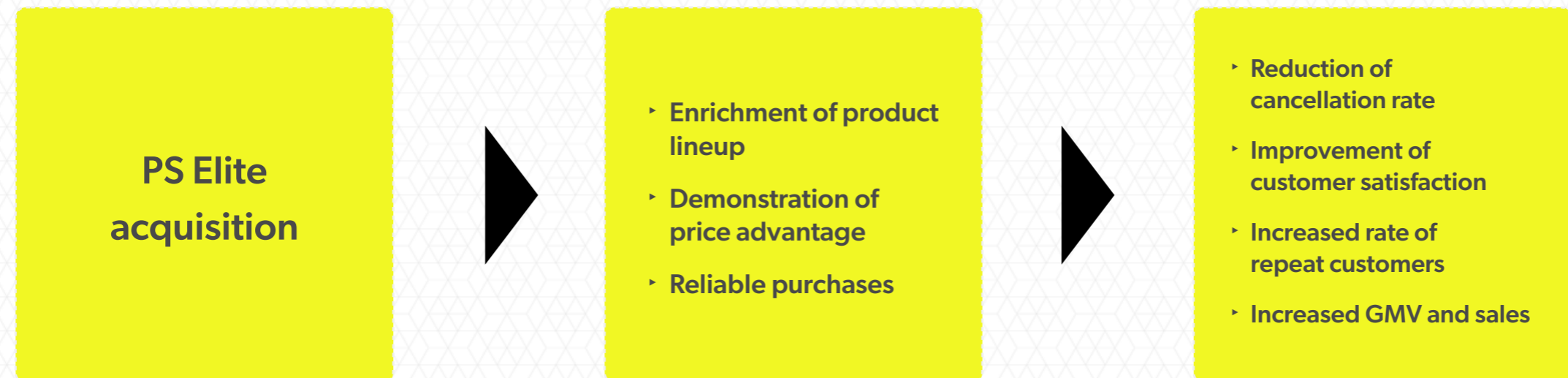
UI/UX issues and status of response

Search function	<ul style="list-style-type: none">• Search function is unclear→ Updated search screen and increased search execution rate by 17%
Price display	<ul style="list-style-type: none">• Indication of fees and other charges is unclear→ Clearly indicated the breakdown and also clarified who bears the customs duties
Stock inquiries	<ul style="list-style-type: none">• Stock availability and whether or not an inventory check is required are unclear to first-time buyers→ Changed to a specification that allows setting of buttons and wording for whether or not each inventory check is required

In order to continuously gain high quality recognition that leads to purchasing behavior, we will conduct interviews to understand user consumption trends and issues, and implement measures according to user groups/segments



We will continue to enhance our exclusive sellers (PS Elite) with the goal of reducing cancellation rates and maximizing customer satisfaction by enhancing our product lineup and ensuring purchases



- In FYE January 2023, the number of **PS Elite increased from 137 to 225**
- **23 new PS ranked in the top 50 in sales** in the second half of FYE January 2023
- **Cancellation rate improved by 22% YoY in Q4 of FYE January 2023, and GMV grew by 118%**

Focus on four core values to enhance the value of the BUYMA brand

Accessibility

- ▶ **Expansion of products not accessible through other services**
- ▶ Enable "anytime, anywhere" access with the **release of the Mobile app**
- ▶ Easy product search through improved search results

Authenticity

- ▶ Improved credibility by **providing pre-shipment appraisal service**
- ▶ Increase trust in the service by communicating BUYMA's brand voice
- ▶ **Increase transparency by communicating the personalities of PS**

Diversity

- ▶ **Trend dissemination** and brand exposure **around the world** with an awareness of the PS's geography
- ▶ **Increased information dissemination focusing on the PS's personality and sustainability**
- ▶ Dissemination of diverse ways of working and thinking within the company

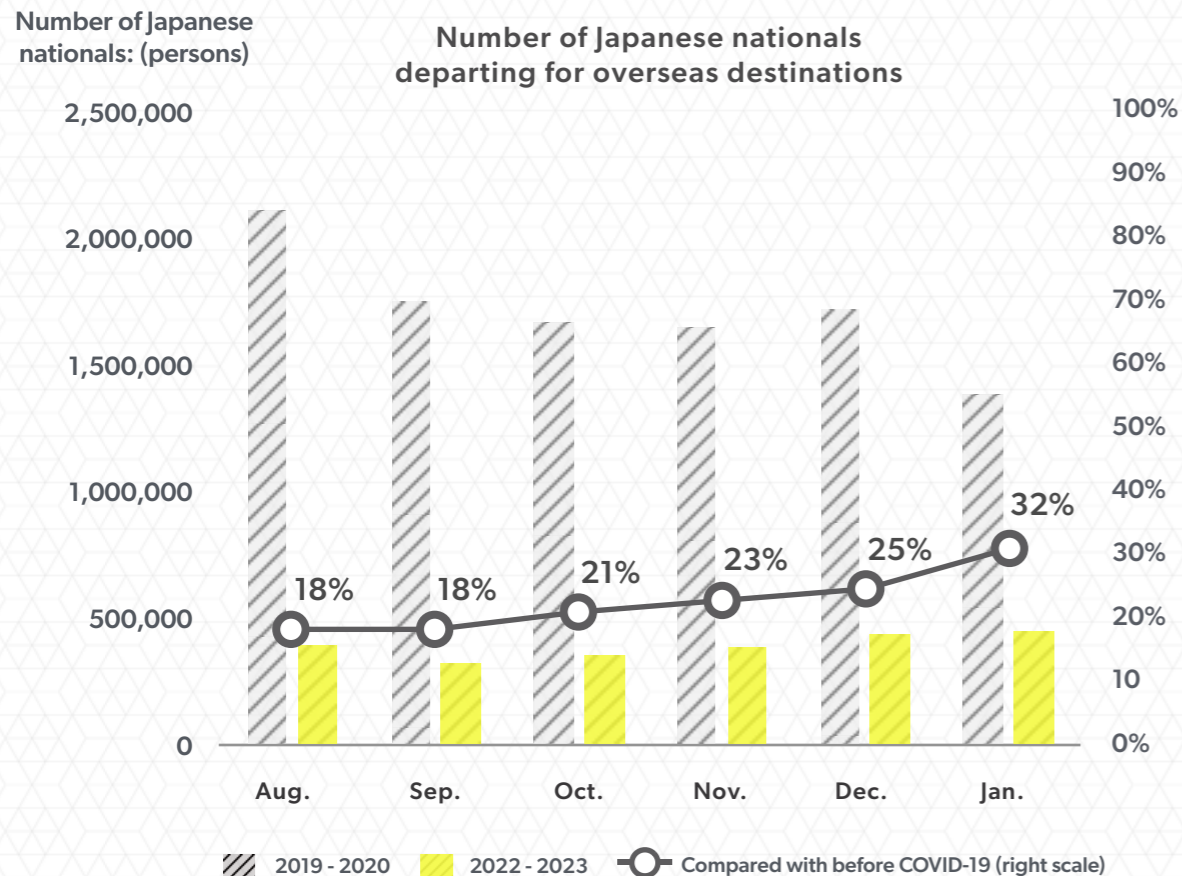
Discovery

- ▶ **Provide opportunities for new brand discovery**
- ▶ New brands, products and inspiration through content and social media
- ▶ **Launch a community for PS** to provide a place for PS to solve problems and discover measures for each other

Ride the wave of recovery in travel demand to put the TRAVEL business on a growth trajectory

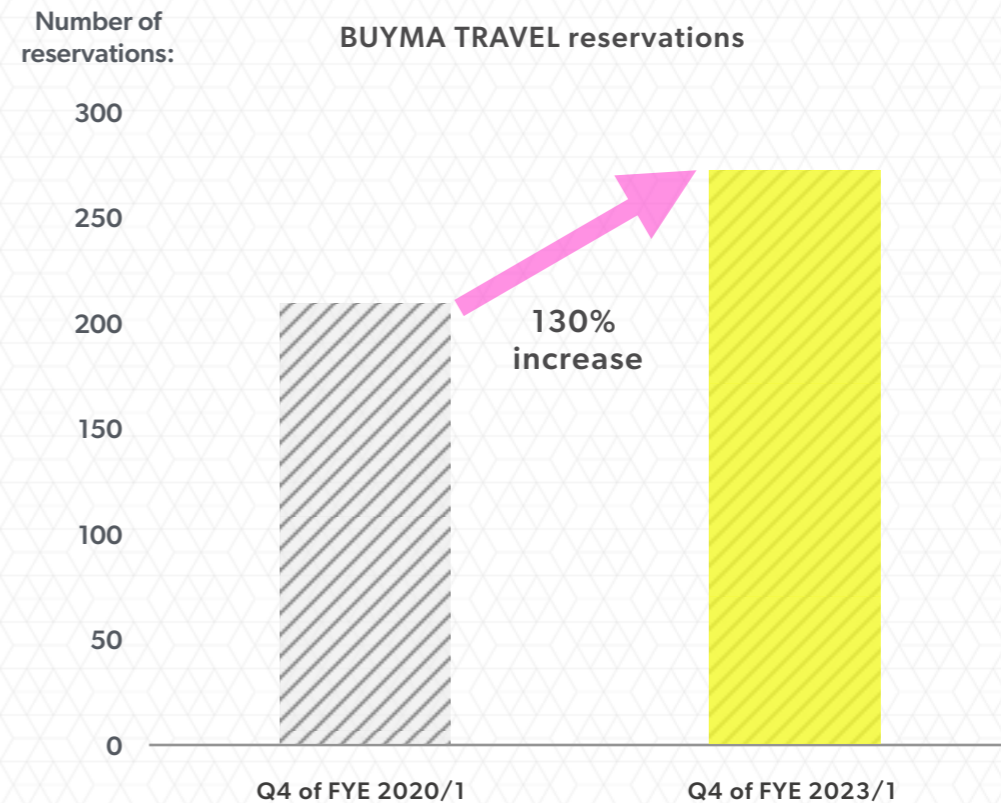
Number of Japanese national departing from Japan on the road to recovery

The number of Japanese departing for overseas destinations in January 2023 recovered to 32%*₁ of the pre-COVID-19 level of January 2020.
The number of tourists going overseas in 2023 is estimated to reach 8.4 million, 40%*₂ of the pre-COVID-19 level.



Transition in the number of BUYMA TRAVEL reservations

Number of reservations in Q4 of FYE January 2023 increased 130% compared to Q4 just prior to the outbreak of COVID-19.
 Travel demand is expected to recover this fiscal year, and further growth in services is anticipated



Sources:

*1 : Ministry of Justice - Immigration Services Agency of Japan, "Statistical Tables of Immigration Statistics"

*2 : JTB, "Outlook for Travel Trends in 2023 (January-December)"

We will focus on the following measures in the current fiscal year to make a long-term growth

BUYMA

100% YoY growth in a challenging external environment

- ▶ Utilize owned media and external media to gain further recognition
- ▶ Improve UI/UX by understanding consumption trends and issues among members and non-members
- ▶ Promote tie-ups with influencers

GLOBAL BUYMA

Growth of 120% or more

- ▶ Expansion of exclusive sellers (PS Elite) to enhance product assortment
- ▶ Release of Mobile app
- ▶ Information focused on the personalities and sustainability of PS to appeal to buyers with BUYMA's unique strengths

BUYMA TRAVEL

Put the TRAVEL business on a growth trajectory with the recovery of travel demand

- ▶ Gain further recognition from guides/travelers
- ▶ Advertise through social media
- ▶ Campaigns to coincide with recovery in travel demand

New businesses/M&A

Establish the foundation to achieve sales of 1 billion yen

- ▶ Strengthen the system for creating new businesses through external support and alliances from investees, etc.
- ▶ Create multiple revenue sources outside the fashion domain

ESG • SDGs

Business models that can coexist with society are in keeping with the times from the perspective of ESG investment

Environment

1. On BUYMA, fashion items awaiting "buyers" are distributed across borders. BUYMA has **solved the problem of inventory disposal** by matching supply and demand in the apparel industry around the world.
2. From March 2020, we shifted to a remote work-based working style, which has allowed us to **reduce the amount of paper we use and become more energy efficient** than before.
We have also reduced our office space by half, helping us further reduce our carbon footprint.

Social

1. Approximately 200,000 personal shoppers in about 176 countries are active on BUYMA.
We **contribute to society by creating jobs around the world and providing people with satisfaction in work.**
2. **44% of our employees are women**, and we promote diversity. **Proportion of women (excluding executives) in managerial posts is 38%**. In addition to women, men also take parental leave, creating a comfortable working environment in which employees can enjoy long and rewarding careers.

Governance

1. Our company has a system of audit and supervisory committees in place. Four of our seven directors are outside directors, making for a **highly independent executive structure.**
2. We established our internal systems based on fundamental policies for the establishment of internal control systems. In addition to emphasizing the importance of compliance with laws and regulations, we are **focusing on enhancing internal control functions** such as internal audits, our internal reporting system, and the Risk Management Committee.

Realization of a sustainable society through the growth of BUYMA



Earnings forecast

We will not disclose our earnings forecast for FYE January 2024

Increase in Sales

Securing surplus

Looking ahead, Japan's economy is expected to continue to face a number of challenges, including the government-led downgrading of the classification of COVID-19 under the Act on the Prevention of Infectious Diseases and the ongoing transition to a new phase of coexistence with this disease, which is raising concerns about the risk of new opportunities for infection and increased treatment costs for patients. In addition to this, we expect the outlook to remain uncertain due to rising inflationary pressures from soaring crude oil prices caused by the protracted situation in Russia and Ukraine, and the ongoing tightening of monetary policy worldwide.

In this rapidly changing environment and economic situation, we have determined that a medium-term plan that focuses on profit targets in units of several years is not suitable for achieving essential improvements in corporate value. In order to move away from a perspective that places top priority on short-term sales and profit targets, and to reexamine our management from a long-term perspective, we will maintain a stronger awareness of our mission to "Change the World," the belief (Purpose) that we have been striving to realize since our founding. Based on this, in order to become a company that provides value over time rather than transiently, our policy is to invest in the creation and enhancement of long-term corporate value over the most recent several years, without pursuing short-term profit growth.

We will continue to make use of our strong financial base and stable revenue base, which are our strengths. While we assume operating income will remain in the black in FYE January 2024, just as it did in FYE January 2023, we will allow for a decrease in profit in the short term, and will implement investments from a long-term perspective to establish multiple new profit pillars in a flexible and dynamic manner in accordance with the business environment and business progress.

Based on the above policy, we expect net sales to increase year-on-year and operating income, ordinary income, and net income for the current period to be in the black for FYE January 2024. However, since it is difficult to make a reasonable calculation of specific figures for the forecast, we will refrain from disclosing our earnings forecast.

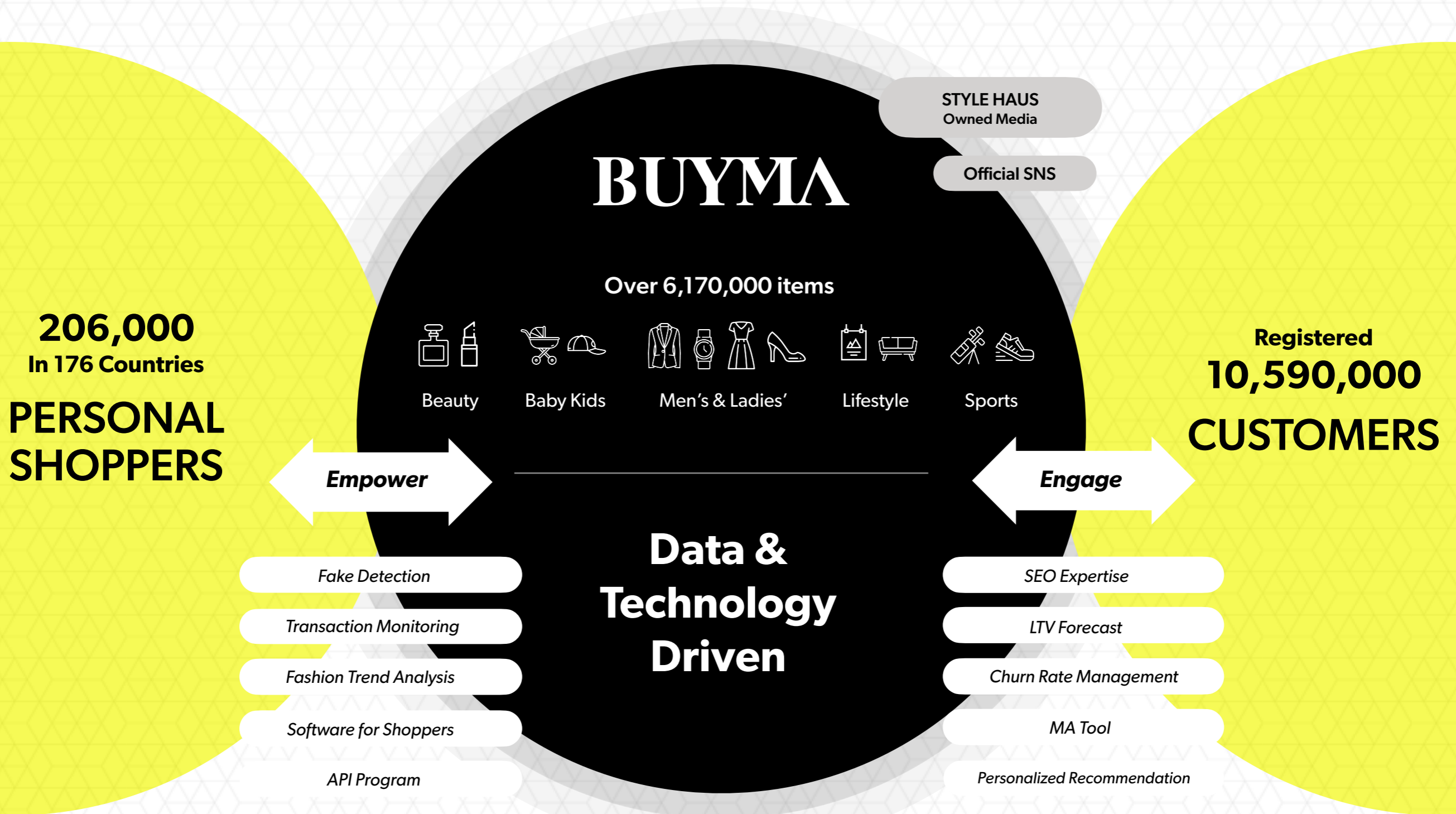
With BUYMA, our core business both in Japan and overseas, as a pillar, we will strategically look to reinvest our operating revenues in new areas on an ongoing basis so as to contribute to the enhancement of corporate value with the goal of building several "Specialty" marketplaces that will become new pillars of revenue, and from a long-term perspective, will strive to connect the improvement of corporate value to the acceleration of growth in net sales.

Growth potential

Utilize customer insights accumulated through the operation of BUYMA to expand our economic sphere by adding product categories and new areas (e.g., travel)

Aiming to establish at as a global venture by providing products domestically and internationally

Leveraging data and technology to boost seller empowerment and customer engagement



Both market size and EC conversion rate continue to rise Plenty of room for growth in domestic, overseas, and TRAVEL businesses

Results of FYE January 2023
GMV 63.2 billion yen



GMV

Interior goods EC domestic
market size 2.2 trillion yen *1
(EC conversion rate 28.2%)

Fashion EC domestic market size
2.4 trillion yen *1
(EC conversion rate 21.1%)

Overseas optional
tours and activities
EC market size *3
260 billion yen
(EC conversion rate
20.0%)

Fashion EC
US market size
18.1 trillion yen
(EC conversion rate 42.2% *2)

*1: E-Commerce Market Survey, Ministry of Economy, Trade and Industry

*2: External statistical data

*3: Estimated by our company based on the financial results of travel industry companies prior to the COVID-19 pandemic

Share buyback results

We repurchased 1.09 billion yen worth of treasury stock over the past year
We will continue to hold these shares for use in M&A and other future growth investments

Total amount of acquisition	1,091,529,400 yen
Number of shares repurchased	1,969,300 shares

Appendix

Company Profile

Company Name	Enigmo Inc.
Main Business	Management of “Specialty” Marketplace “BUYMA”
Location	NMF Aoyama itchome Bldg. 6F 8-1-22 Akasaka, Minato-ku, Tokyo
Date of Establishment	February 10th, 2004
Representative	Representative Director and Chief Executive Officer Shokei Suda
Capital	381.9 million yen
Listed Market	Tokyo Stock Exchange Prime Section (Ticker : 3665)
Number of Employee	134 people
Accounting Period	January 31st
Major Shareholder	Sony Group Corporation & Executive officers



Number of members:
0 – 100,000 people



Number of members:
100,000 - 800,000 people



Number of members:
800,000 – 1.7 million people



Japanese, English and Korean
language versions of the site

Number of members:
10.59 million people
(as of the end of January 2023)

February 2004

“Period of foundation” – 1st stage of foundation

Commencement of BUYMA services

- Founded in February 2004
- BUYMA released in February 2005, the following year, under the theme of “It has value, no matter where you are”

February 2006

“Period of expansion” – 2nd stage of foundation

Increase of capital / diversification of lines of business

- February 2005 - March 2006 Implementation of capital increase through third-party allocation
- BUYMA, which had achieved a positive balance on a monthly basis in 2008, grows into our company’s main line of business

February 2012

“Period of transition” – 3rd stage of foundation

Structural reforms

- 2012 - Heavy concentration of management resources on BUYMA
- July 2012 - Listing of company on TSE Mothers

February 2014

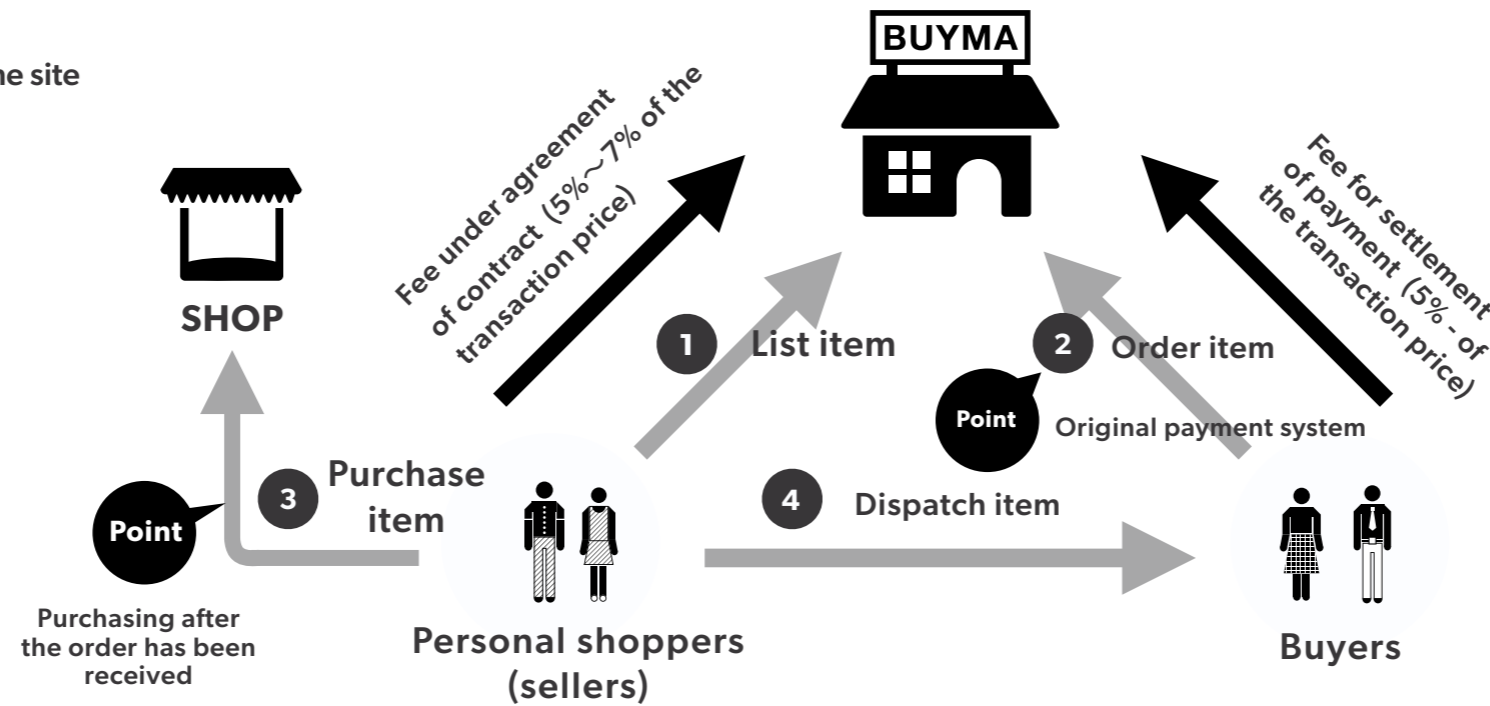
“Period of globalization” – 4th stage of foundation

Commencement of global expansion / path to becoming the “No. 1 overseas online retailer”

- December 2013 - Release of BUYMA Korea, the Korean language version of the site
- February 2015 - ROCKET VENTURE, a service which administers media aimed at young women, is acquired as a subsidiary company (liquidated in January 2018)
- October 2015 - Release of BUYMA, the English language version of the site
- March 2016 - BUYMA KOREA is acquired as a subsidiary company (liquidated in September 2017)
- July 2018 – Release of BUYMA TRAVEL
- April 2019 - Listing in the First Section of the Tokyo Stock Exchange
- April 2022 - Transferring to the Prime Market of the Tokyo Stock Exchange

BUYMA

Japanese and English
language versions of the site



Turnover generated from fees paid by both parties involved in the transaction

Buyers: Around 5% of the item price (+ other optional fees)

Personal shoppers: Brokerage fee of 5% – 7% of the item price (depending on the status of the item)

Premium personal shoppers :

Those among excellent personal shoppers who have cleared certain criteria and responded to our invitation

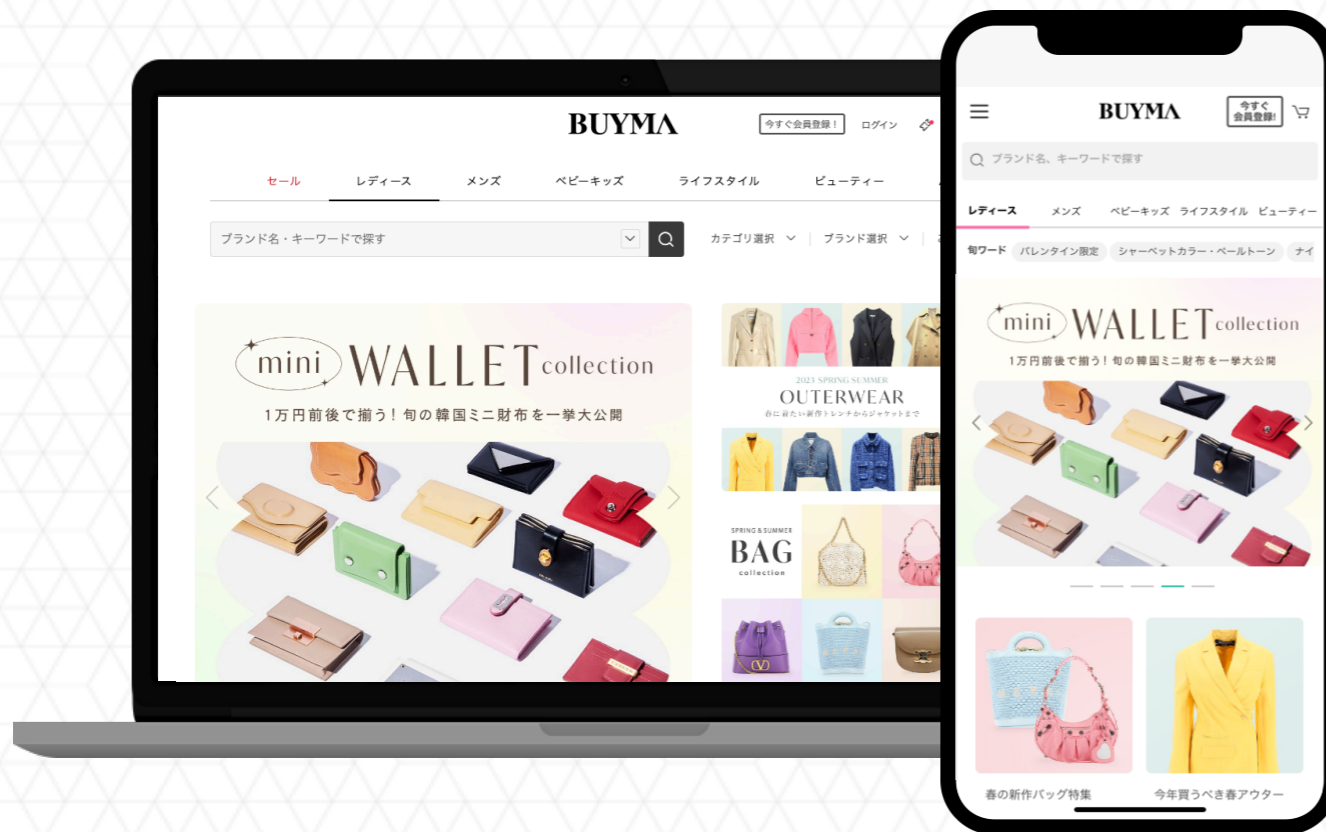
Premium members :

Determined according to the amount of purchases made during the past 6 months. Platinum stage members: (total purchase amount of 300,000 yen or more)/Gold stage members: (total purchase amount of between 150,000 yen and 300,000 yen)/Bronze stage members: (total purchase amount of between 70,000 yen and 150,000 yen)

Shops :

Business operators that have met the criteria for selling items through BUYMA

A specialty marketplace that brings individuals and companies from around the world together and provides them with a special purchasing experience and limitless encounters with fashion items



Number of items listed

More than **6.17** million items

Number of personal shoppers

206,000 people

Countries of residence of personal shoppers

176 countries

Average purchase amount

24,644 JPY

Average age of users

34.0 years

Users by sex

Female: **70%** Male: **30%**

*as of the end of Jan 2023

We have redefined BUYMA as a **“Specialty” Marketplace**

A Marketplace which constructs a platform breaking down the boundaries between companies and individuals by giving full play to a diverse range of expertise in specialized categories, and which creates special experiences for both sellers and buyers in a whole new way.



**Transition from an “all-genre” to a “specialty” marketplace
C’s expertise increases, resulting in coexistence between C and B**

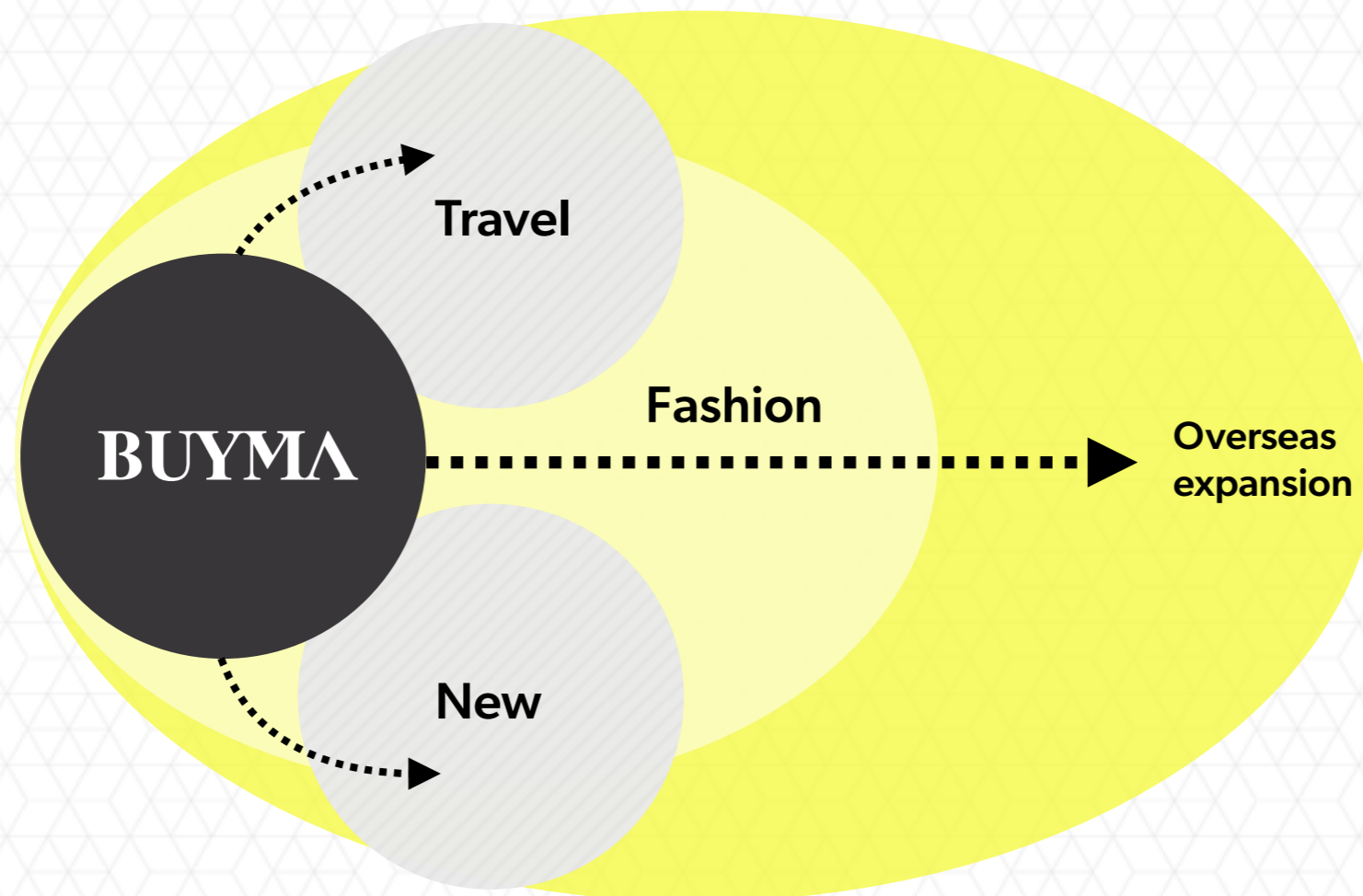
BUYMA is not suited to mass produced products of a kind used on a day to day basis. Rather than easily available items that one can obtain anytime, anywhere, BUYMA targets special items inhabiting the realm of the extraordinary, such as sought after brands, things which are a joy to obtain, and other products which people crave to own.

Today fashion, tomorrow travel... As a "Specialty" Marketplace, BUYMA aims to inhabit a unique position in this realm of the extraordinary, providing a broad range of items and services from around the world.



As the realm of the everyday becomes more convenient, people tend to spend more money and time exploring the realm of the extraordinary

- 1** Based on the concept of BUYMA as a "Specialty" Marketplace, provide a diverse range of options and special items / experiences from all corners of the world in fashion, travel and other extraordinary fields, and help people achieve new lifestyles through a formidable product lineup found nowhere else.
[Expansion in scale]
- 2** Improve profitability through the provision of related services that possess value for many BUYMA users.
[Improvement of profitability]
- 3** Expand BUYMA overseas to become a much-loved brand among people around the world.
[Growth in the medium and long term]



These presentation materials are provided solely for the purpose of better understanding of our company and are not intended for the purpose of solicitation.

Forward-looking projections and forecasts contained within this document are made based on information available as of today. Actual business performance may differ from projections due to risks and uncertainties in the future.

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