Financial Results

FY09/24

Aucfan Co., Ltd. <3674>
November 14, 2024

Executive Summary

<FY24>

- Consolidated net sales for FY09/2024: 4,840 million yen (94% YoY), operating profit:356 million yen (117% YoY). **Revenues decreased** due to a decrease in major returned products at "NETSEA Auction*1",while **profits increased** due to improved profitability at "NETSEA*2
- **Several projects have been launched in overseas business,** which is our growth strategy, and preparations for GMV creation have been completed

<FY25>

- Plans to **increase revenues and profits** for FY09/2025
- Domestic business: Both sales and operating profit grow up due to an increase in billing sales by "aucfan.com*3" and improved profitability of "NETSEA."
- The growth strategy of **overseas business enters the** phase **of GMV and sales generation**

<Shareholder Returns>

- Following the resumption of shareholder benefits, the company resolved to implement a **share buyback program**

*1 NETSEA Auction : Inventory liquidation support service focused on returned or outdated items and slow-moving inventory, etc. (see P44)

*2 NETSEA : One of Japan’s largest B2B wholesale purchasing platforms (see P43)

*3 aucfan.com : Provides market price quotations for online shopping and auctions, as well as a statistical price comparison service (see P39)

Page

1 Financial Highlights in FY09/24

Consolidated Results: Highlights

Revenues decreased but profits increased due to a decrease returned products at NETSEA Auctions and improved profitability at NETSEA

(Millions of yen)	Cumulative results			Initial plan	Plan ratio
	FY09/23	FY09/24	YoY		
GMV (Gross Merchandise Value)	13,638	**12,356**	91%	15,500	80%
Net sales	5,145	**4,840**	94%	5,330	91%
-Solutions	2,724	2,659	98%	2,800	95%
-Platform	2,073	1,702	82%	2,100	81%
-Incubation	518	600	116%	730	82%
-Administrativedivision,consolidated adjustments	▲170	▲122	-	▲300	-
Gross profit	2,566	**2,677**	104%	2,630	102%
-Solutions	1,087	1,068	98%	1,100	97%
-Platform	1,233	1,267	103%	1,300	97%
-Incubation	398	520	131%	580	90%
-Administrative division,consolidated adjustments	▲153	▲178	-	▲350	-
Operating profit	304	**356**	117%	350	102%
-Solutions	575	569	99%	600	95%
-Platform	▲31	113	-	150	76%
-Incubation	185	98	53%	30	329%
-Administrative division, consolidated adjustments	▲426	▲425	-	▲430	-
Recurring profit	341	**353**	104%	345	103%
Net income	17	**187**	1,098%	200	94%

【Factors behind YoY change】

GMV:
- Several overseas business projects were launched, and preparations for GMV generation were completed, but **GMV (circulation value) generation** was delayed
- Optimization of cost-effective promotion for domestic business NETSEA"

Net sales / Gross profit:

■Solutions business
- Lower sales due to a **decline in the number of courses offered** as a result of business plan reassessment for Goodsellers, a side business support service（Q1~Q2)
- Decrease in billing sales due to **change in settlement rules for international brands of credit cards** on “aucfan.com”, etc.（Q3)
- **Increase in billing sales** due to enhanced membership functions and price revisions at "aucfan.com" (Q4)

■Platform business
- Sales fell as **returns from major suppliers declined** at NETSEA auctions（Q1~Q4)
- Commission fee income increased for NETSEA as a result of a **revision of distribution commissions** (Q2～Q4)

■Incubation business
- Higher sales thanks **to sales of operational investment securities**

Operating profit:

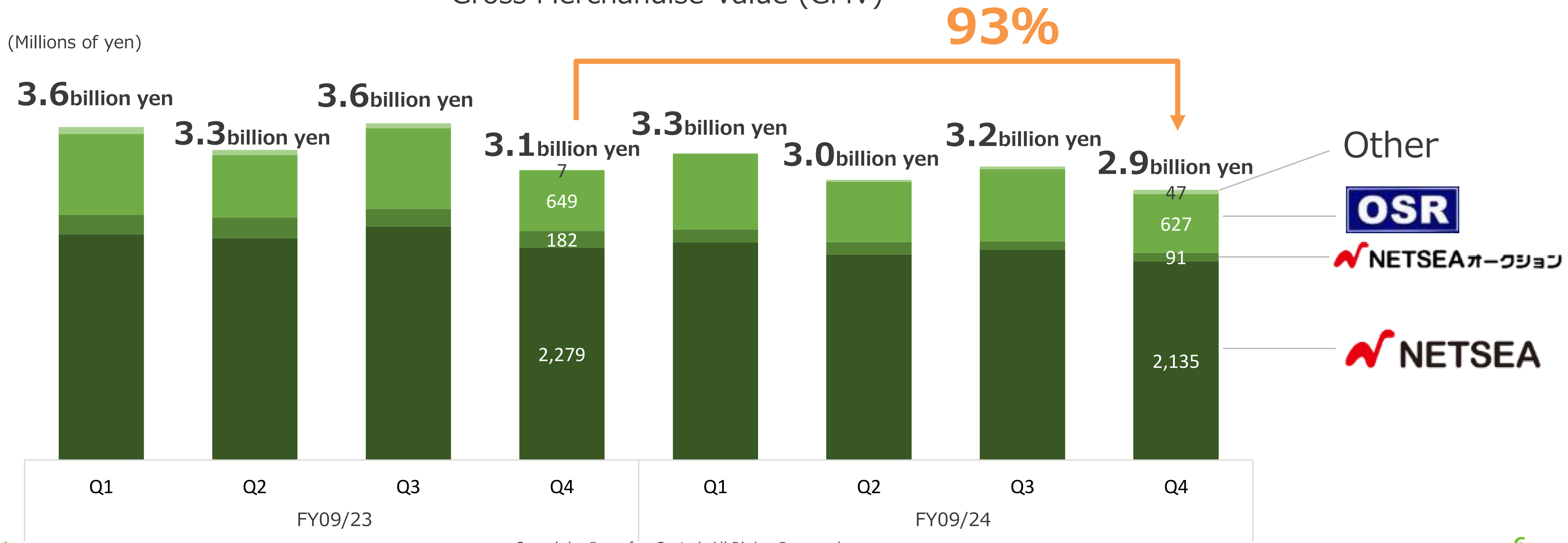
■ Platform business
- **Improved operating profit owing mainly to greater promotional efficiency** (Q1～Q3)

■Incubation business
- Operating profit decreased due **to upfront expenditures for the overseas business (personnel and system development expenses)**

Net income:
- Significant improvement in net income

Optimization of cost-effective promotion for domestic business NETSEA" NETSEA Auctions cannot make up for the decrease in **returned goods on major platforms**

Gross Merchandise Value (GMV)

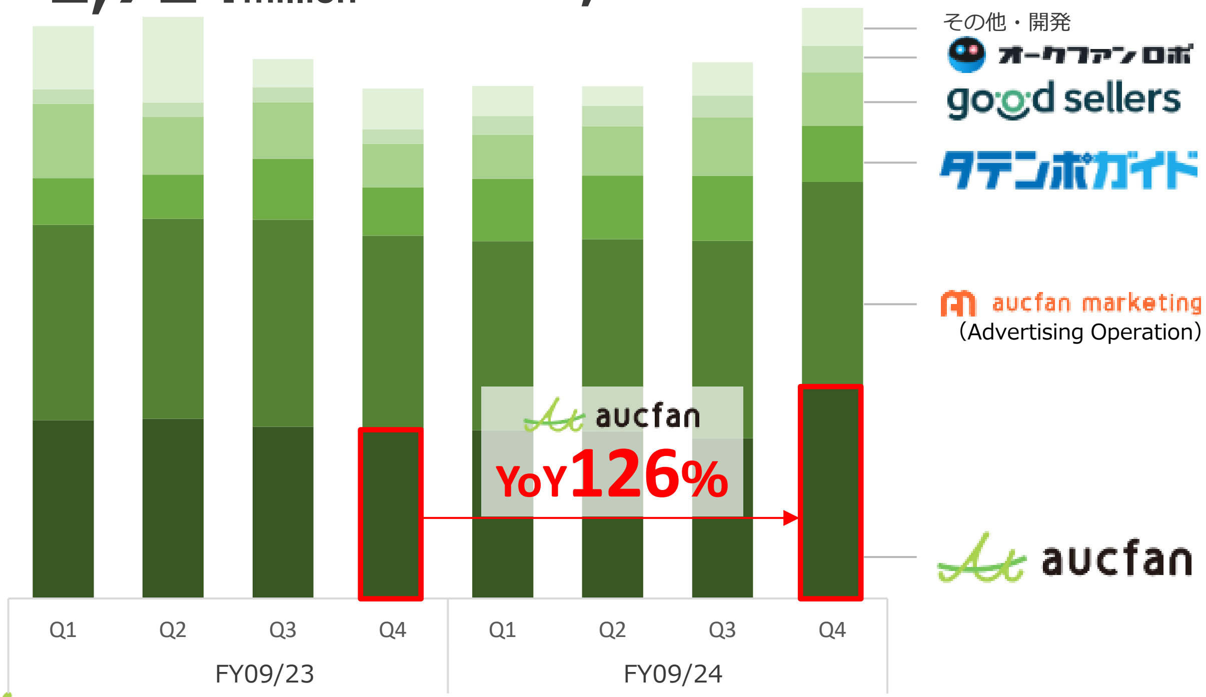


Sales increase at "aucfan.com" and "NETSEA" for the second half of the year

Sales fell as returns from major suppliers declined at NETSEA auctions

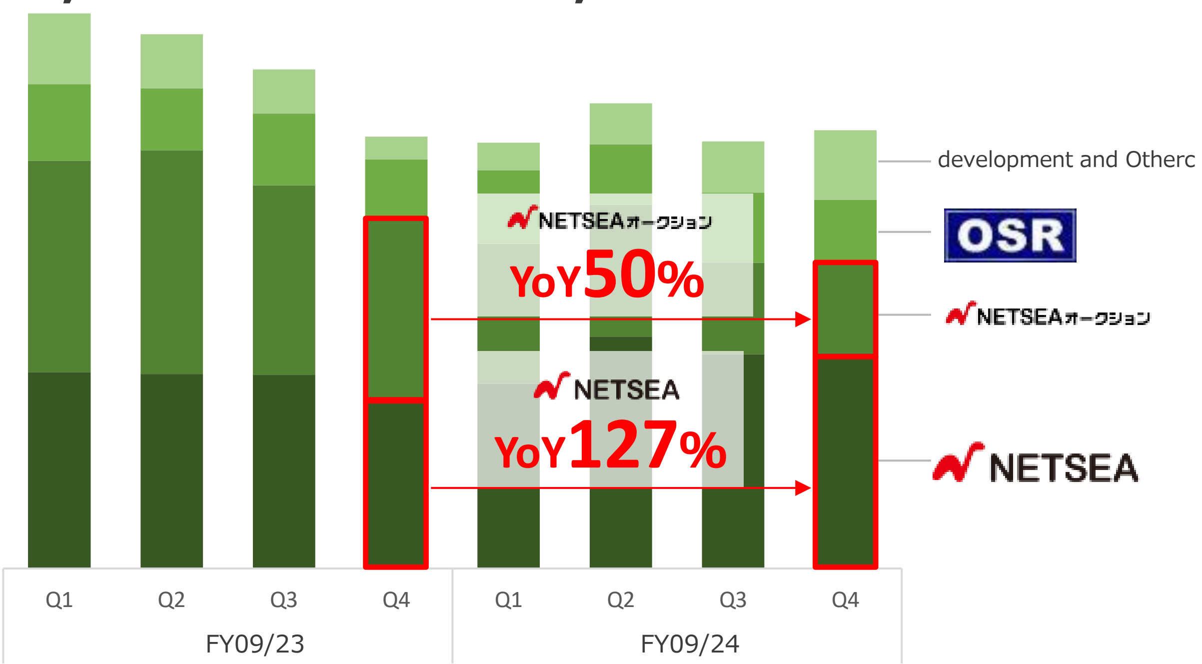
Sales (Solutions business)

FY23 **2,724**million ▶ FY24 **2,659**million



Sales (Platform business)

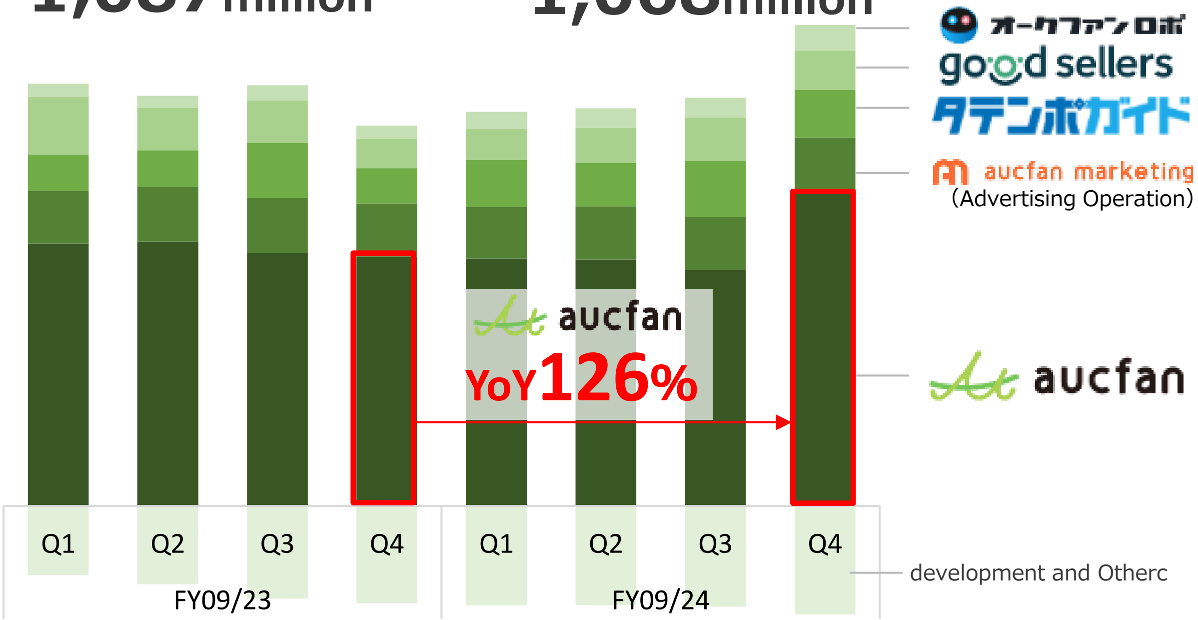
FY23 **2,073**million ▶ FY24 **1,702**million



Gross profit was in line with net sales **Toward the second half of the year, there were improvements in mainstay services "aucfan.com" and "NETSEA"**

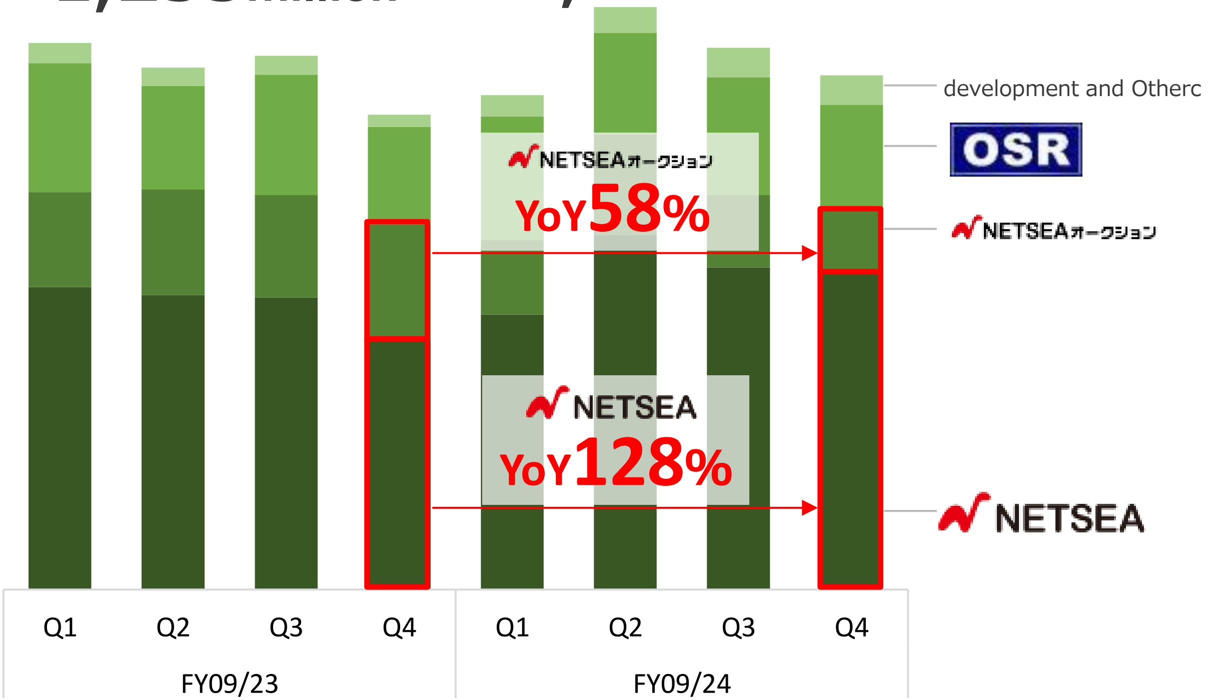
Gross profit (Solutions business)

FY23 **1,087million** ▶ FY24 **1,068million**



Gross profit (Platform business)

FY23 **1,233million** ▶ FY24 **1,267million**



2 Targets for FY09/25

Consolidated Earnings Forecast for FY09/25

Plans to Increase Sales and Profit, Aggressive Investment in Overseas Businesses

(Millions of yen)	Earnings forecast		
	FY24	FY09/25	YoY
Net sales	4,840	**6,000**	124%
-Solutions	2,659	3,100	117%
-Platform	1,702	2,500	147%
-Incubation	600	540	90%
-Administrativedivision,consolidated adjustments	▲122	▲140	-
Gross profit	2,677	**3,400**	127%
-Solutions	1,068	1,300	122%
-Platform	1,267	1,800	142%
-Incubation	520	500	96%
-Administrative division,consolidated adjustments	▲178	▲200	-
Operating profit	356	**375**	105%
-Solutions	569	700	123%
-Platform	113	200	176%
-Incubation	98	▲130	-
-Administrative division, consolidated adjustments	▲425	▲395	-
Recurring profit	353	**360**	102%
Net income	187	**190**	101%

【Detailed plan】

■Solutions business
・ **Increase in billing sales** at "aucfan.com"
・"aucfan.com" adds US versions of **"Amazon" and "eBay"** as well as China's largest B2B marketplace **"1688.com"** to its target sites to strengthen services and increase users
・Launch of **new subscription service**

■Platform business
・**Effects of improved profitability** at "NETSEA"
・ **Increase in the number of suppliers** at "NETSEA" through development of major food wholesalers and e-commerce mall operators.
・ Increase in **overseas buyers** at NETSEA through collaboration with forwarding companies, etc.
・ **Generating sales through NETSEA Select**, a members-only BtoB mall that enables customers to procure unique products directly from manufacturers

■Incubation business
・**GMV creation in overseas businesses**
・ **Initiation of new projects (see P21-23)**

・ Active investment in overseas business (system development, personnel expenses)

・ Plans **to increase** both recurring profit and net income

3 Shareholder Returns

Shareholder Returns

Share Buybacks

We have resolved to buy back up to 50 million yen of our own shares and will continue the acquisition by the end of January 2025

Shareholder benefits

Eligible shareholders

Shareholders holding three units (300 shares) or more of the Company's stock as recorded in the shareholder registry as of the record date of September 30 of each year

Overview of shareholder benefits

The Company will gift a **QUO Card*1** equivalent to the amount listed below, in accordance with the number of shares held and the holding period, upon shareholders' request.

Number of shares held	Held for less than one year	Held for one year or more
300 shares or more	800 yen	1,200 yen
500 shares or more	2,500 yen	4,000 yen
1,000 shares or more	6,000 yen	9,000 yen

*1: We plan to present it as a digital gift, "QUO Card Pay."

Gift period

Scheduled for December each year

Dividends

We continue considering paying dividends, taking into account the market environment surrounding the Company and the global situation.

4 Topics

Solutions

aucfan / aucfan marketing / タテンポガイド / good sellers / オークファンロボ

Continuous Enhancement in Functionality of Main Service aucfan.com

Review of FY09/24

aucfan

- **Revised aucfan premium membership fees** in accordance with enhanced membership features
- **Added Mercari** to aucfan , enabling automatic product search and listing status check

オークファンロボ

- Collaboration with Yahoo! Shopping for the use of DropBot, an RPA tool for e-commerce operators

タテンポガイド

- **Added Mercari** to our searchable online shopping sites

Initiatives for FY09/25

aucfan

- **API collaboration with 1688.com**, one of the largest B2B marketplaces in China, and addition of search targets
- Addition of **U.S. versions of Amazon and eBay** to Global Search
- **Launch of a new subscription service** that identifies and offers products having a margin of profit potential

オークファンロボ

- Provision of RPA "DropBot" API collaboration
function for EC businesses

Expansion of Domestic NETSEA Circulation Through Collaboration with Overseas Businesses

Review of FY09/24

NETSEA

- **API collaboration with 1688.com**, one of the largest B2B marketplaces in China, enabling 1688.com procurements within NETSEA
- Released Android app and iOS app
- Completed data linkage with "Sagakuoh," an automatic product research tool

NETSEAオークション

- Launch of a project to procure

Initiatives for FY09/25

NETSEA

- **Launch of "NETSEA Select**," a members-only BtoB mall that allows customers to purchase unique products directly from manufacturers
- **Collaboration with forwarding companies** to strengthen acquisition of overseas buyers (Southeast Asia and North America)
- Development of major food suppliers
- Seminars for major e-commerce mall store operators to acquire suppliers

NETSEAオークション

- **Development of other sales channels** using the TATEMPO Guide

Expansion into Overseas BtoB Markets Based in China

From JAPAN (1) Yiwu Market · NETSEA CHINA

To JAPAN
(2) Yiwu Japan Pavilion
(3) NETSEA × 1688collaboration
(4) Live Commerce

Affiliated partners

(1) Yiwu Market · NETSEA CHINA

Review of FY09/24

The **"Yiwu Japan Pavilion,"**
Japan's first national pavilion in the Yiwu Market,
had a opening on August,2024

Orders linked to NETSEA CHINA
Creating a distribution channel that integrates offline and online services

Initiatives for FY09/25

Expansion of the number of products listed
Launch of "local products" and "subculture products" in Japan

Expansion of exhibition sites
- Utilization of Yiwu Market's worldwide locations
  *Image (Yiwu Market in Dubai)

- Exhibitions in various parts of China
  *Image (A stall at Shanghai exhibition)

Overseas Business – To JAPAN –

Incubation Business (Overseas)

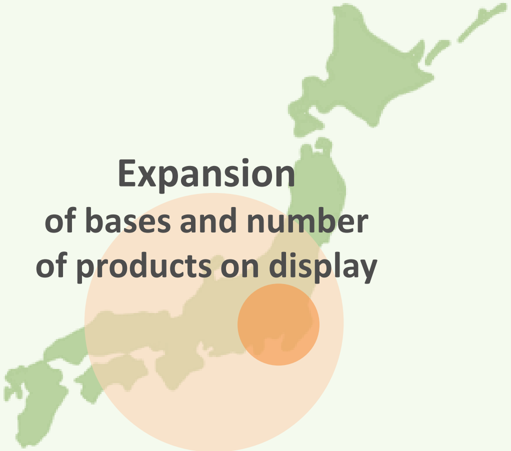
(2) Yiwu Japan Pavilion

Review of FY09/24

March 2024: Japan Tokyo Yiwu Selection Opened in Bakurocho, Tokyo

June 2024: Japan Tokyo Yiwu Selection Held a top-level meeting with the Yiwu City Council and vice president of Yiwu Mall

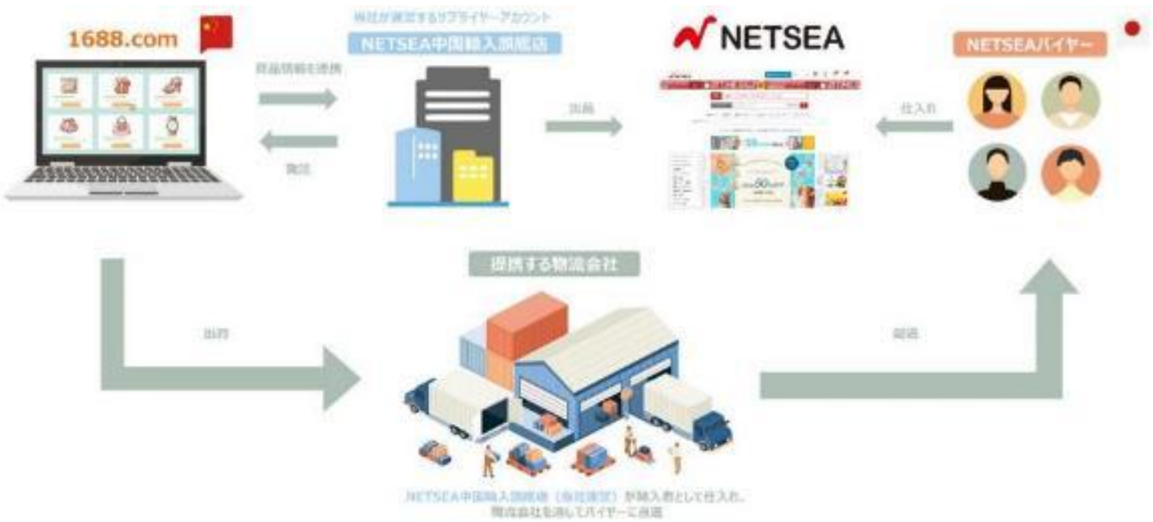
Initiatives for FY09/25



- **Expansion of bases and number of products exhibited**, such as Osaka
- Expansion of sales to customers of OSR and other group companies
- Establishment of a system to facilitate smooth procurement by Japanese buyers through **improvement of customs, logistics, settlement, etc.**
- **Support for PB and OEM** of Japanese manufacturers

(3) NETSEA×1688collaboration-1

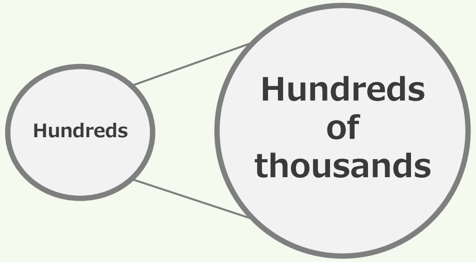
Review of FY09/24



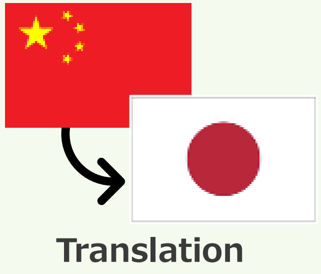
September2024:

API collaboration with 1688.com, one of the largest B2B marketplaces in China, enabling 1688.com procurements within NETSEA

Initiatives for FY09/25



· **Expansion of product listing**



· **Improved accuracy of translation of product information**

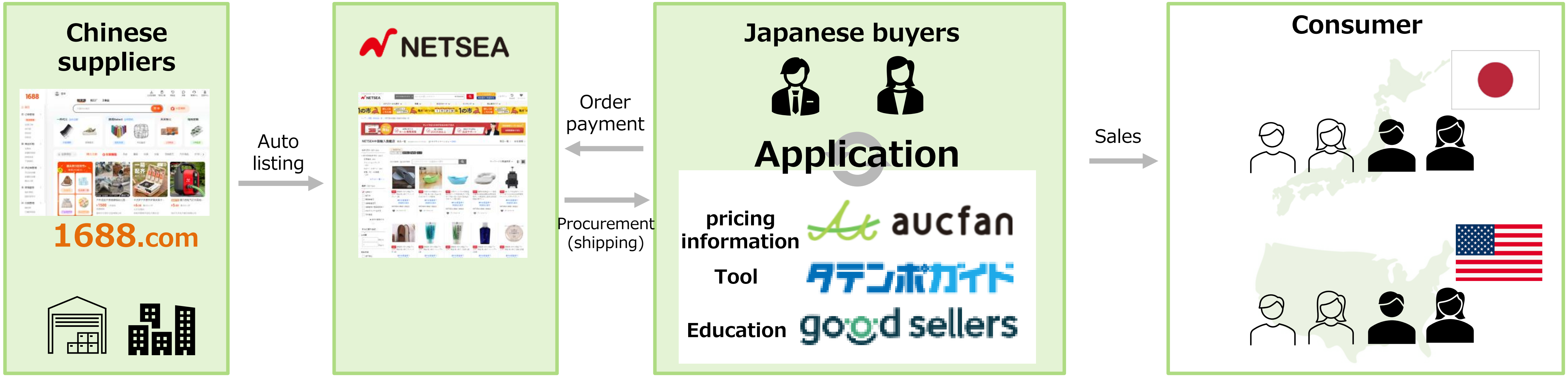
· **Provision of functions similar to procurement from Japanese suppliers, such as logistics/payment/supplier negotiations, etc.**

Focus on **expanding "translation accuracy" and "number of products listed"** by utilizing the resources of group companies

(3) NETSEA×1688collaboration-2

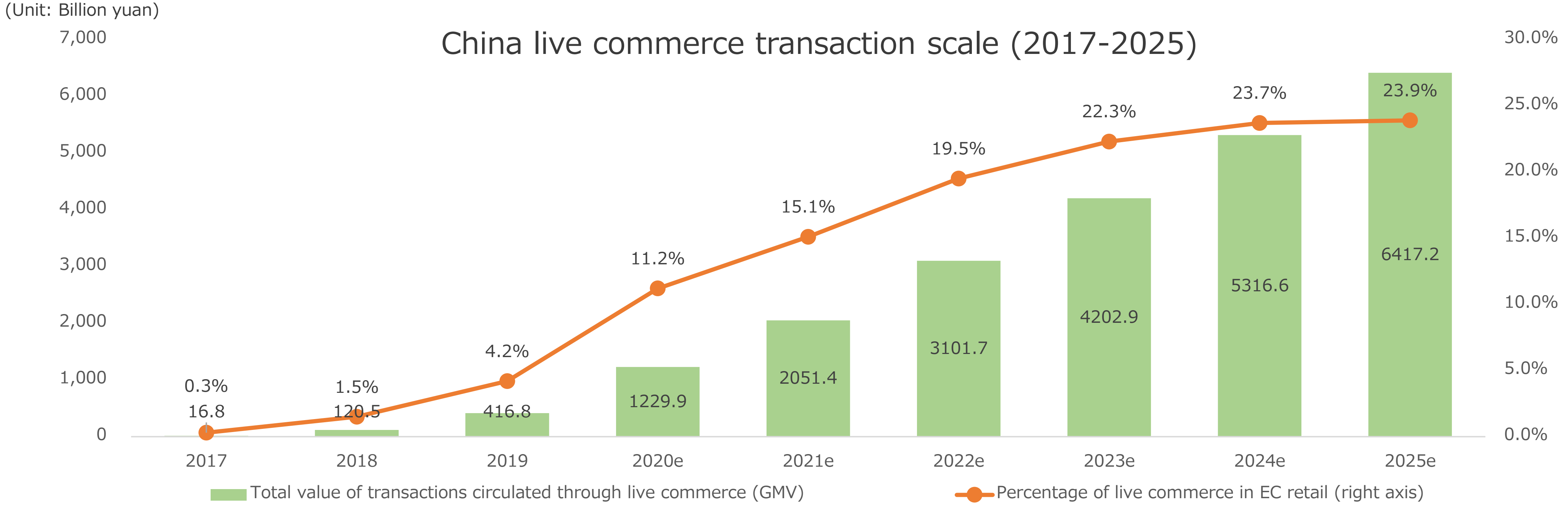
Initiatives for FY09/25

Expansion of a system that allows Japanese buyers to procure products from 1688.com through domestic transactions and **sell them to consumers in Japan and overseas using the group's services**



(4) Live commerce-1 Market size

China's live commerce market, which is at the forefront, is expected to grow to **approx. 137 trillion yen***1 in 2025, including China's largest live commerce company, ByteDance, and **the market in Japan is also expected to expand rapidly in 2025**

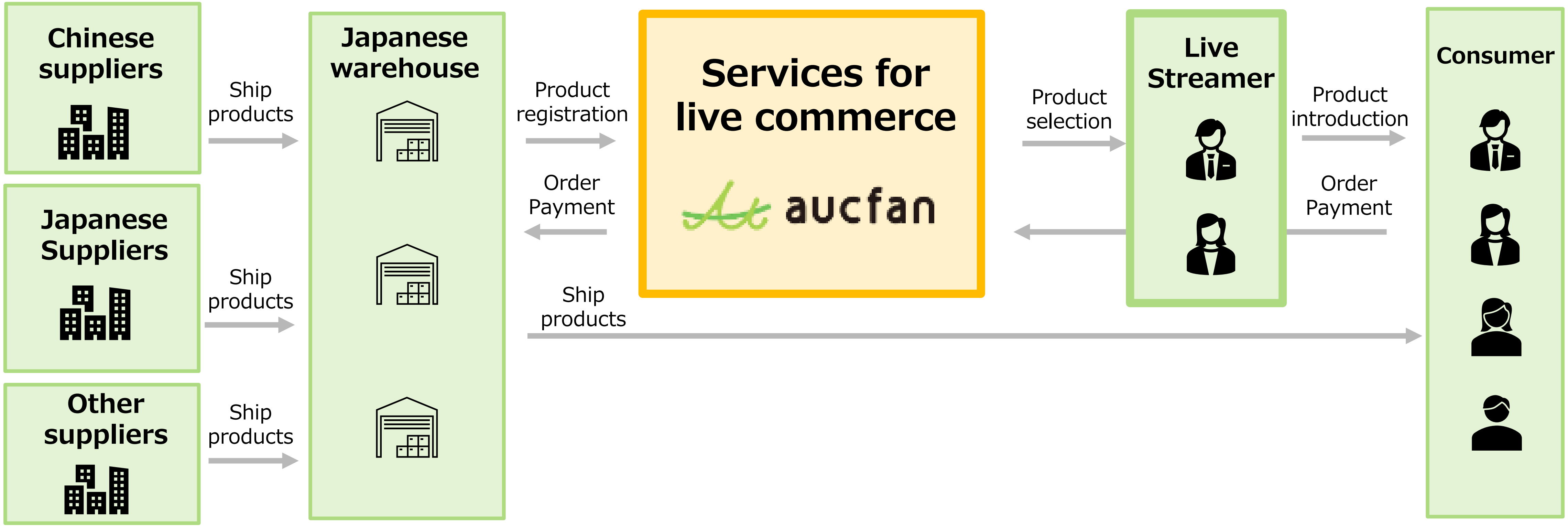


※1 : Adapted from JETRO "Live Commerce (China) - Increasing its Presence as a New EC Method"https://www.jetro.go.jp/biz/areareports/2022/bca31f7ca5265e62.html
Calculated at the exchange rate on November 11, 2024, 1 yuan = 21.37 yen

(4) Live commerce-2 Scheme

Initiatives for FY09/25

Streaming plans to build a **one-stop distribution service for Chinese merchandise**



(4) Live commerce -3 Development of peripheral services

Initiatives for FY09/25

Direct in-house procurement and marketing from Yiwu and 1688

・In-house procurement of Chinese productsthat are difficult for Japanese buyers to handle

・Domestic marketplace sales

In-house brand development through OEM

AP LAB

Appreciate Product Lab

*Pending

An in-house brand with the mission to rediscover the "essential value" of things and deliver it to our customers. By leveraging direct procurement from factories and OEM production, we plan to develop a wide range of original products that enrich lifestyles by realizing product development that eliminates waste.

[Features and brand vision]
• Efficient value distribution that seamlessly connects factories and consumers
• "Gratitude toward manufacturing" and the "promotion of a recycling-oriented society"
• Data-driven trend analysis and product development
• A diverse product lineup that offers "better options"
• The Future of AP LAB - "Enriching society through value recognition“

Inspection services

・Establishment of an independent inspection system for Chinese merchandise

・Provision of external inspection services

We define our clients, **small businesses (sole proprietorships), side businesses and influencers, as Appreciators.** Each of our services exists and is integrated for the Appreciator. We will continue to build the infrastructure that will **enable them to work across borders and realize their potential.**

We Are Appreciators!

We define small businesses and sole proprietorships, our customers, as “appreciators.”
The word “appreciate” means to “recognize and acknowledge the true value of, be thankful for, enjoy in awe, increase in value or price, or purchase.”
Hence, appreciators refer to those who can discover true value and be thankful for the value they find.
Much undiscovered value remains buried in this world.
We, as appreciators, aim to bring to light the value of people, society, and things,
and create a circular, recycling society.

Re-Infra
Company

5 APPENDIX

Consistent business development
from university startup to present

- **Began selling goods through auction listings** as a sole proprietor while attending university
- **Established Defactostandard, Ltd.** and assumed the office of president and representative director
  *Current service: Purchasing of used brand-name goods (Brandear)
- Acquired the Auction Statistics Page (tentative title) and **began performing media management**
- Established the Media business through an incorporation-type split from Defactostandard, Ltd., **established aucfan Co., Ltd.**, and assumed the office of president and CEO (current position)
- **Listed on the Mothers section of the Tokyo Stock Exchange** (securities code: 3674)
- Acquired **NETSEA**, one of Japan's largest B2B wholesale shopping mall; **ReValue**, a slow-moving inventory liquidation service; and **TATEMPO Guide**, a centralized management system for online shops, and added them to the group
- Acquired offline trade fair services **OSR Net** and **Osaka Senba Wholesale Marketing**, and added them to the group
- Began offering Amacode, a dedicated app for Amazon sellers, after acquiring it through business transfer
- Established an overseas subsidiary, **"Aucfan (Hainan) Network Technology Co., Ltd."** in Hainan Island, China
- **We opened "Japan Tokyo Yiwu Selection"** an exhibition where Yiwu Market products can be purchased in Japan
- **We opened "Yiwu Japan Pavilion,"** Japan's first national pavilion in the Yiwu Market

Representative profile

Shuichi Takenaga

President & CEO
of aucfan Co., Ltd.

Born 1978
in Yamaguchi Prefecture

Graduated from Kyoto
University's School of Law

VISION

Our Group has established the vision of “Re-transforming” (“Re.X”) the world, based on the identity of "Re-Infra Company"

Re-Infra Company

Building “Once Again” (RE):
Reuse, Resale, Revalue, Reverse, Recover, Reduce, Rebalance, and Reconstruct.
We re-examine the value of things before us, rather than creating something new from zero.
Aucfan is a company that builds the one and only distribution infrastructure
that integrates various “REs” of society.

We define our clients, **small businesses (sole proprietorships), side businesses and influencers, as Appreciators.** Each of our services exists and is integrated for the Appreciator. We will continue to build the infrastructure that will **enable them to work across borders and realize their potential.**

We Are Appreciators!

We define small businesses and sole proprietorships, our customers, as “appreciators.”
The word “appreciate” means to “recognize and acknowledge the true value of, be thankful for, enjoy in awe, increase in value or price, or purchase.”
Hence, appreciators refer to those who can discover true value and be thankful for the value they find.
Much undiscovered value remains buried in this world.
We, as appreciators, aim to bring to light the value of people, society, and things, and create a circular, recycling society.

*“We” here refers to clients, suppliers, buyers, and the Company members.

VISION

STRATEGY

STRENGTH

VALUE

WE-DENTITY

IDENTITY

Appreciate ……「先見性」

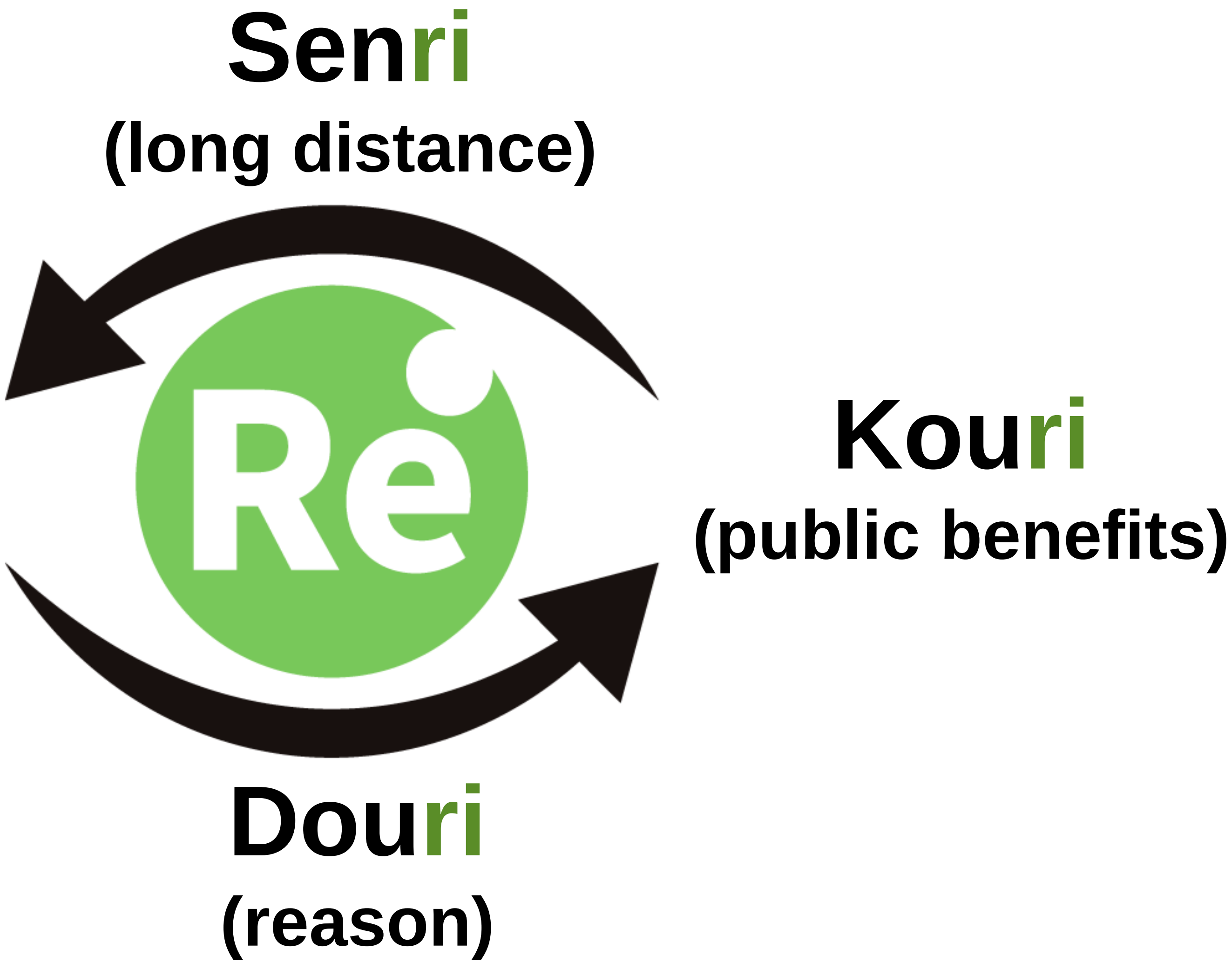
Uniqueness ……「独自性」

Challenge ……「挑戦」

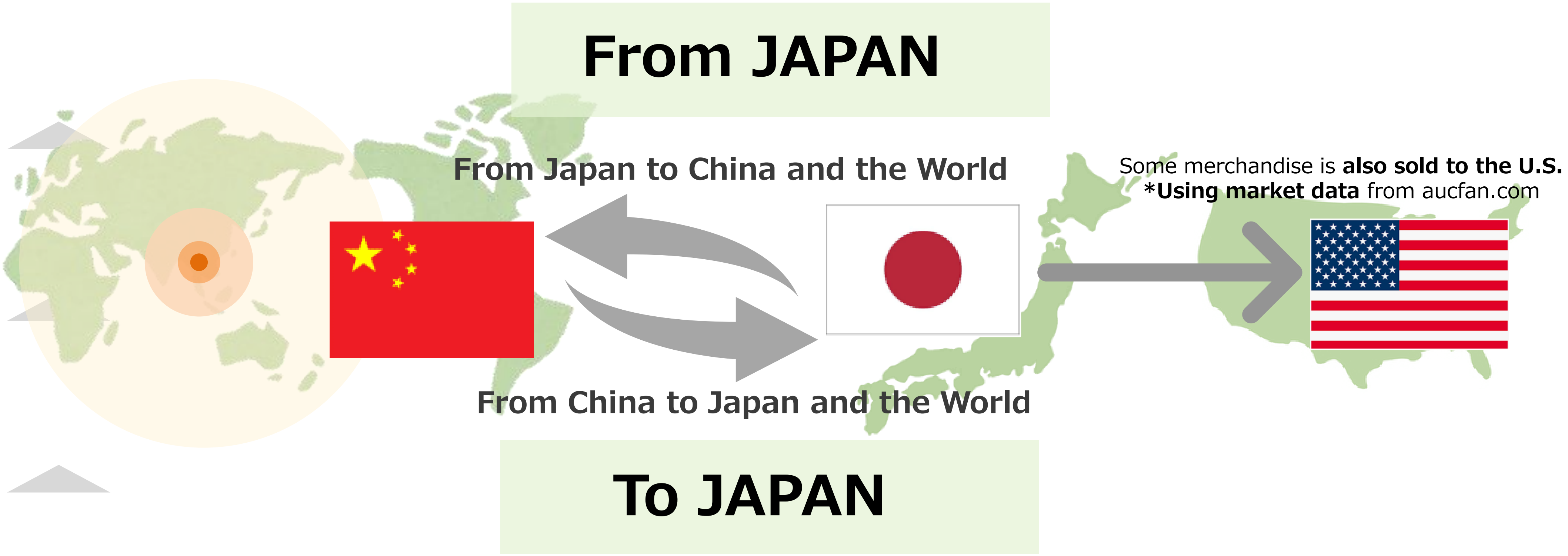
Fun ……「達成感」

Agility ……「速度」

New way ……「変化」



To build truly circular infrastructure, we look a thousand miles ahead, respect reason, and produce public benefits.



We build a re-distribution infrastructure of goods, including those overseas.
Within the infrastructure, appreciators play an active role and achieve self-actualization.
This will result in the realization of an "all-well" world where individuals, companies, goods, and society circulate smoothly.

VISION

STRATEGY

STRENGTH

VALUE

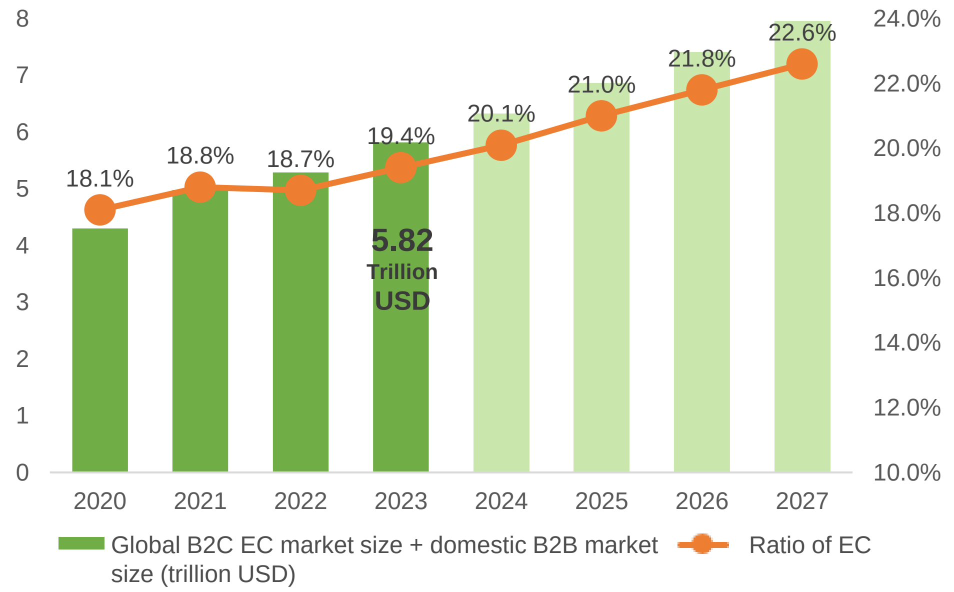
WE-DENTITY

IDENTITY

We will build “Re” infrastructure that can support the transformation of the world into a re-circulating society, which is the way it should be.
The purpose of all Aucfan’s businesses is to Re-transform (“Re. X”) the earth with appreciators.

B2B wholesale market, including overseas markets, is worth 3,000 trillion yen

Global B2C market scale*1



Global B2B wholesale market scale

Japan	World
Size of the domestic B2C e-commerce market (merchandise sales)*2 15 trillion yen	Size of the global B2C e-commerce market*2 5.82 trillion US dollars
B2B **300 trillion yen**	B2B **Trillions of yen*3**

*1 From E-Commerce Market Survey (https://www.meti.go.jp/press/2024/09/20240925001/20240925001-1.pdf)conducted by the Ministry of Economy, Trade and Industry and released on September 25, 2024, p. 97, “Figure 7.4: Global B2C e-commerce market size (unit: trillion of US dollars)

*2 Same as above, p. 31, “Figure 4.3: B2C e-commerce market size in merchandise sales

*3 The Company estimated the global B2C market size, based on the size comparison of the domestic B2C e-commerce market and the domestic B2B wholesale market

Development of various services in the following three business segments

Solutions business

aucfan

Provides market price quotations for online shopping and auctions, as well as a statistical price comparison service

aucfan marketing

Marketing support services for EC businesses

タテンポガイド

Centralized management system for online shops

good sellers

Side job support service

オークファンロボ

No specialized knowledge required RPA tool

Platform business

NETSEA

B2B wholesale purchasing platforms

NETSEAオークション

Inventory liquidation support service focused on returned or outdated items and slow-moving inventory, etc.

OSR

Trade fair service operators based in Osaka Senba district

Incubation business

aucfan CHINA

Overseas business

Aucfan Incubate

Investment business

Other new business development

Domestic Business

Hybrid earnings model of fees obtained through SaaS, fee income predicated on GMV, and sales revenue

Solutions

ARR*1
(billing amount)

Number of accounts
×
Annual billing amount

Platform

NETSEA

Fee income predicated on GMV

GMV
×
Take rate

NETSEA Auction

Sales revenue

Value of sales
×
GPM

Incubation

Capital gains from the sale of operational investment securities and revenue from consulting services provided to investees

*1: Abbreviation for Annual Recurring Revenue.

Service Details

Provides market price quotations for online shopping and auctions, as well as a statistical price comparison service

Usage fee: **No fee**

Note: Premium service charges a monthly fee of 2,000 yen (excluding tax) *From July 2024

Functions provided: Bulk searching for online shopping and auctions, searching for previous successful bidding prices, auction listing support tools

Note: As of June 2024

Business model

Provides cloud services

Pays monthly fees
(for paid service use)
* See next page for paid service

The Company

Individual and SMB customers

Service Details

Paid Services

aucfan Premium

Premium features to make better use of aucfan.com

Usage fees: 2,000 yen per month (excluding tax) *From July 2024

Functions provided: 10 years' worth of successful bids search, time frame summary search, bid reservation tool, My Bookmarks, search alerts, easy listing tool, listing template saving, etc.

aucfan Pro Plus

Market price search and data analysis tools for professionals

Usage fees: 10,000 yen per month (excluding tax)

Functions provided: Yahoo! shopping analysis, auction market price search and data analysis, Amazon research, global e-commerce site comparison, provision of other e-commerce support tools, etc.

Amacode

Dedicated app for Amazon sellers

Usage fees: 5,000 yen per month (excluding tax) * For paid version Amacode Pro

Functions provided: High-performance product barcode reading search, product keyword search, alerts for valuable finds, automatic calculation of product commissions, sourcing list management, etc.
Paid version Amacode Pro offers graphics functions showing price changes and increase/decrease in listings, custom options, access from website, etc.

aucfan Robo

RPA tools that even users without specialized knowledge can operate intuitively

Usage fees: From 120,000 yen per month (excluding tax)

Usage examples: Back-office operations including research concerning competitors, inventory ordering, order processing, shipping invoice preparation, and personnel- and labor-related operations, etc.

Service Details

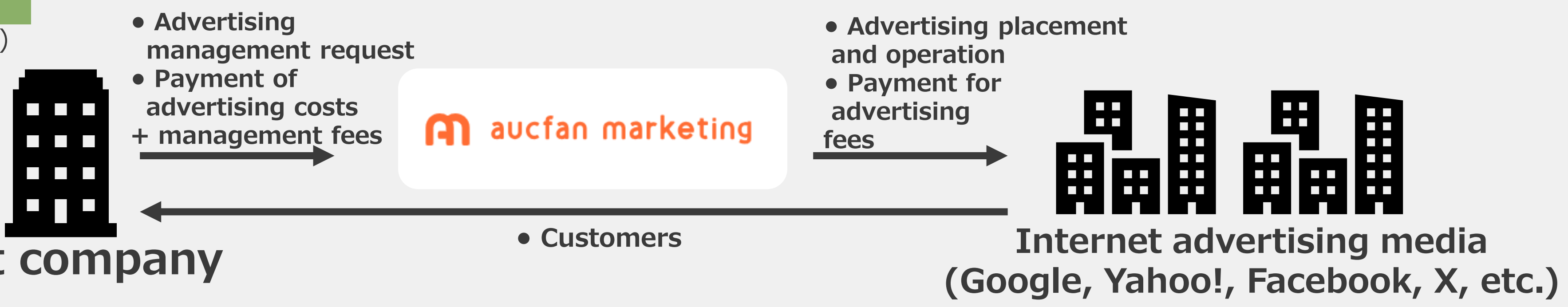
aucfan marketing (aucfan marketing)

Marketing support services for EC businesses

- Price and commission: Individual estimation
- Support services: Advertising management, web analysis, creative production, SEO email newsletter writing, YouTube channel management, marketing strategy planning, LP improvement, branding, etc.
- Special features: (1) Rapid and high-quality operation system that spares no resources.
  (2) Achievement of goals through sales-committed KPI setting
  (3) Creation of LPs and banners necessary to improve results in attracting EC customers
- Examples: A major sports club listed on the First Section of the Stock Exchange (in operation for over 7 years)
  A major cosmetics company (in operation for over 3 years)

Business model

(For advertising agency)



Goodsellers

A side business support service that creates a place where people can continue to experience the essential fun of business transaction

Usage fee: Varies according to each individual service

Example: **eBay cross-border e-commerce seller training program**

ebay aucfan

Information session content:
- Teaching materials for export businesses (registration)
- Teaching materials for export businesses (practical exercises)
- List of 15 products with price differences in export businesses
- Discount coupons for ReValue BtoB Mall

Business model

- Professional and practical expertise
- Proper tool use
- Advice

Instructors

Payment of instructor fees

繋げる世界 広がる未来
good sellers

- Provides side-business expertise
- Provides a community
- Side-business support school

Note: for applicants only

Payment of tuition when attending school

SMBs
(side businesses and sole proprietors)

Service Details

NETSEA

One of Japan's largest B2B wholesale purchasing platforms

Usage fee: Suppliers: 20,000 yen monthly (excluding tax) plus a contract commission of 8.5–10.5%

Buyers: **No fee**[*1]

Features: About 500,000 registered buyer companies

Annual distribution value of about 10 billion yen

Note: As of June 2024

Business model

Suppliers

Manufacturers and wholesalers

Provides a wholesale venue (opportunities for wholesale aimed at buyers)

Pays monthly fees and contract commissions

NETSEA

The Company

Provides a purchasing venue

Buyers

Customers of online shops and retail stores

*1 The NETSEA Prime service charges fees

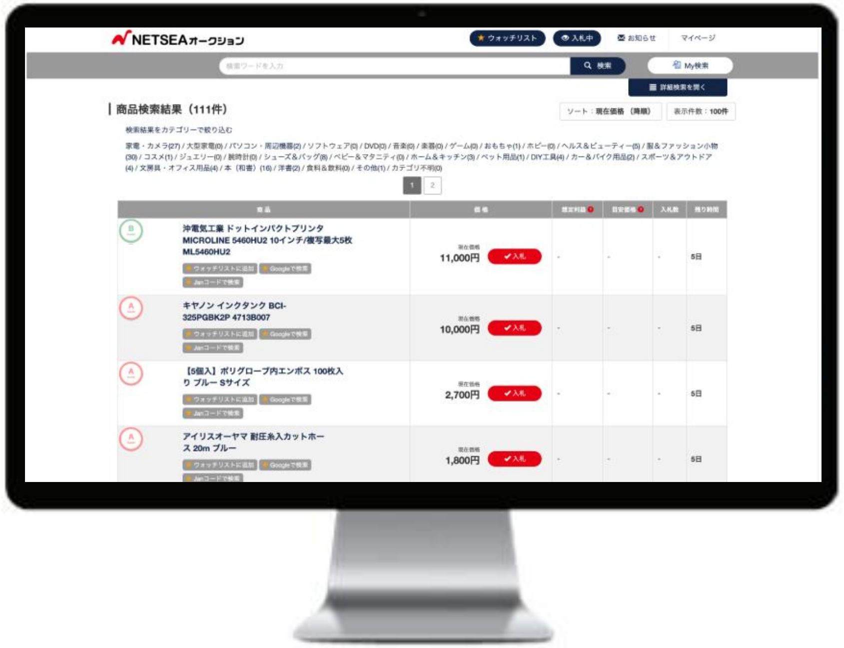
Service Details

NETSEA Auction

Inventory liquidation support service focused on returned or outdated items and slow-moving inventory, etc.

We purchase slow-moving inventory from manufacturers and retailers and sell it to recycling businesses and sole proprietors through our members-only closed community websites, NETSEA Auction and NETSEA Bulk Mall. Additionally, we provide comprehensive support for a range of e-commerce business operations comprising return policy revisions, procedures associated with the disposal and trading-in of returned goods, return acceptance, product inspection, and central processing.

Primary users: Manufacturers, retailers, reuse companies, and individual proprietors



Business model

Suppliers

Returned goods, slow-moving inventory
(Retailers, distributors, and manufacturers)

Payment

Procurement or listing

NETSEA
Auction
Bulk Mall

Aucfan

Payment

Procurement

Buyers

Clients
(online shops, retailers, reuse businesses)

Service Details

OSR Net and Osaka Senba Wholesale Marketing

Trade fair service operators based in Osaka Senba district

- Usage fee: Suppliers: 10,000 yen monthly (excluding tax)
  Plus basic booth fees for permanent display: 15,000 yen monthly (excluding tax)
  Plus commissions on receivables collection: 5%

  * 50,000 yen deposit charged separately when commencing display (returned at contract termination)

  Buyers: No fee

- Features: Holds trade fairs and provides opportunities for business negotiations on the first Sunday, Monday, and Tuesday, and the third Monday and Tuesday of each month

  Annual GMV of approximately 3.0 billion yen

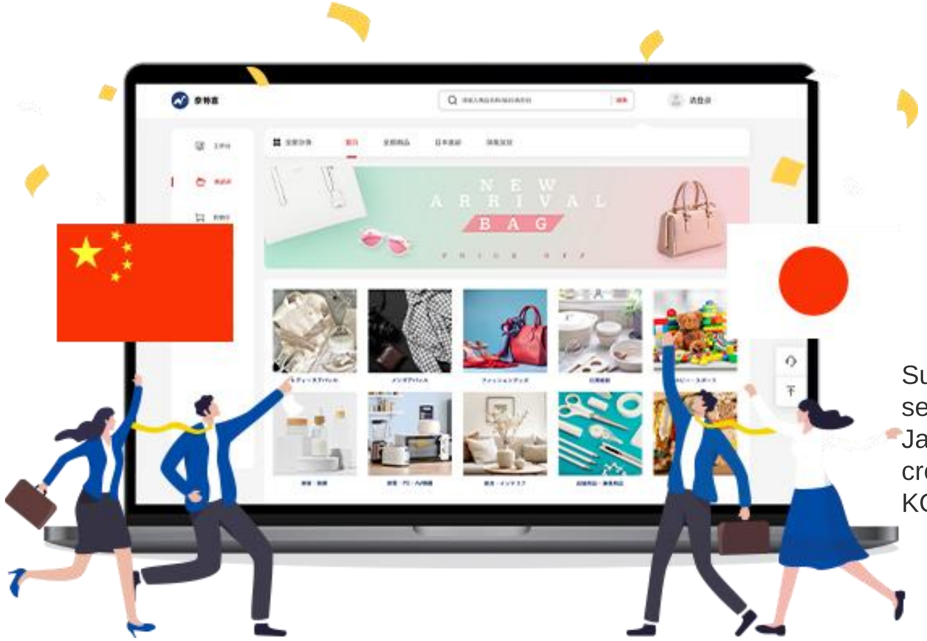
* Note: As of June 2024

Business model

Service Details : Overseas Business

NETSEA CHINA(奈特喜)　(1)Overview

NETSEA CHINA



https://www.netsea.jp/nsc_business

An export service to China that enables domestic manufacturers to do business with Chinese buyers **without setting up a local business base**

Sales channels & customer attraction

Supports everything from attracting to selling to Chinese buyers
Japanese manufacturers can utilize major cross-border e-commerce malls and KOLs*1

Settlement & payment

Enables foreign currency exchange from yuan to yen
Japanese manufacturers can receive payments in yen

Logistics

Thanks to the service's collaboration with Alibaba Group's Cainiao, Japanese manufacturers only need to ship to designated warehouses
*After manufacturers ship their products, Cainiao takes care of the rest

Various procedures

The service provides peace of mind, with the customs declarations manual and CS support system in place

Delivery guarantee

Cainiao guarantees delivery to destined buyers in China, after Japanese manufacturers ship products

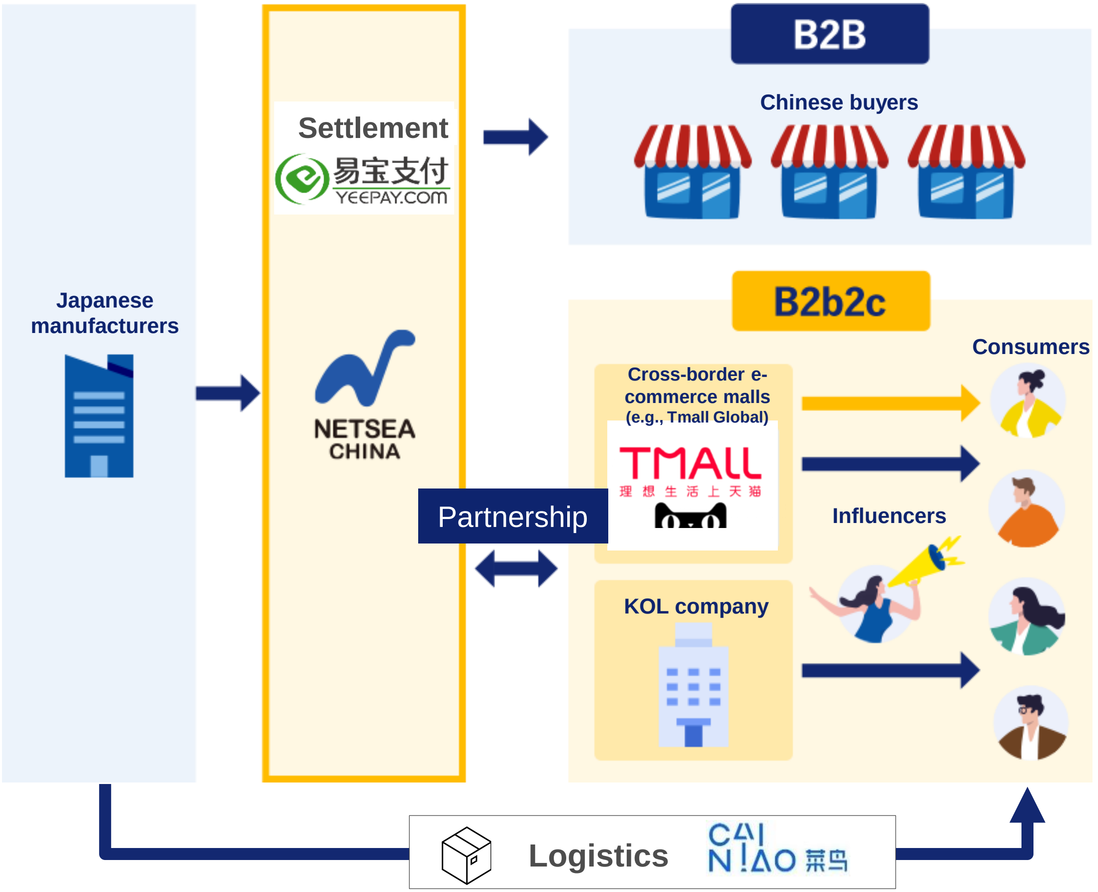
*1 Key opinion leaders, referring to Chinese influencers.

Service Details : Overseas Business

NETSEA CHINA(奈特喜)　(2)Scheme

**Owing to the service's partnership with Alibaba's Cainiao and Tmall,
just by opening a store on NETSEA, Japanese suppliers**

can sell to Chinese buyers and cross-border e-commerce malls



Service Details : Overseas Business

NETSEA CHINA(奈特喜)　(3)Fees

For a packaged service including matching, order receipt, payment processing, trade operations, and logistics support

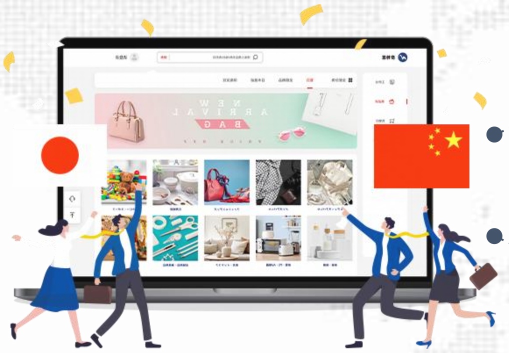
	General cross-border e-commerce malls	NETSEA CHINA
Initial fee	1.0–3.0 million yen	None
Annual/monthly fee	600,000–1.2 million yen/year	20,000 yen/ month → 0 yen for six months *1
Usage fee	Paid service	10% of transaction amount
Partnership with cross-border e-commerce malls	Need to list products separately for each cross-border e-commerce mall *Need to pay initial fee + annual fee for each cross-border e-commerce mall	Can link with various cross-border e-commerce malls on NETSEA CHINA *No linking fees
Contract period	One year	Six months
Product listing	Separately manage for each cross-border e-commerce mall	Centralized management on NETSEA CHINA
Order management		
Customs procedures		
Payment collection		

*1 Actual logistics costs and foreign currency exchange fees will be incurred separately.

NETSEA CHINA(奈特喜) (4) Integration of offline and online services

Expand opportunities to create distribution by adopting this as an offline ordering tool

Japanese manufacturers



NETSEA CHINA

Offline

×

Online

Yiwu Market Japan Pavilion

No. of buyers visiting from all over the world
200,000/day

KOL

Chinese buyers

Over 130,000 companies

Chinese e-commerce site

TMALL
理想生活上天猫

Coming soon

Coming soon

NETSEA CHINA(奈特喜)　(5)Business Partnership

November 2023：Signed a strategic partnership agreement with China’s major payment service provider, YeePay

Enabling seamless currency exchange from yuan to yen

Watch video message here:
https://youtu.be/Nc1DoOM-4o8

会社名	易宝支付有限公司
代表者	唐彬
設立	2003年7月
資本金	1億元 (約20億円)
所在地	中国北京市通州区新华北路55号2幢四层228室

Service Details : Overseas Business

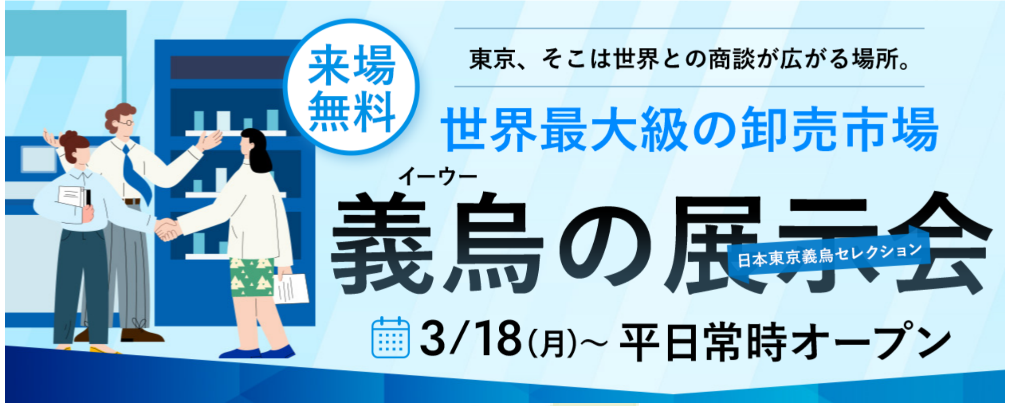
Japan Tokyo Yiwu Selection　(1)Overview

Chinese suppliers

浙江中国小商品城集团股份有限公司
ZHEJIANG CHINA COMMODITIES CITY GROUP CO.,LTD.

Store opening

Japan Tokyo Yiwu Selection (Nihonbashi Bakurocho)

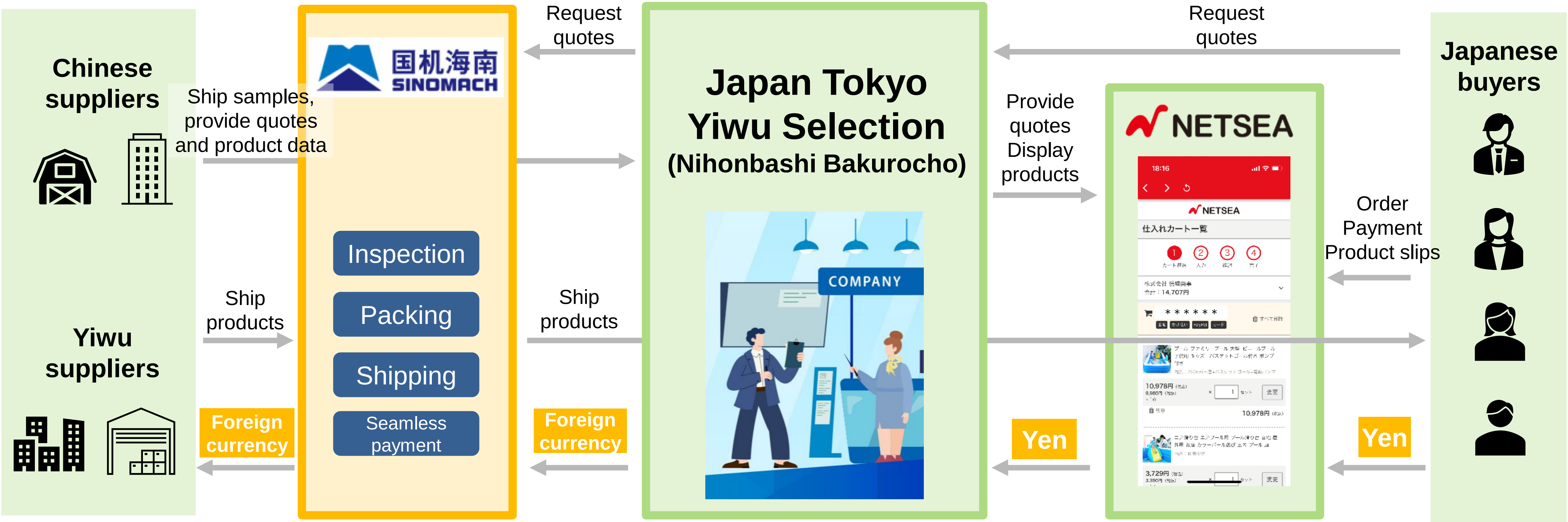


- POINT 01 Japanese buyers can negotiate with Chinese manufacturers
- POINT 02 Transactions take place through an intermediary for security
- POINT 03 Dedicated staff for Japanese buyers support business negotiations
- POINT 04 Buyers and suppliers can have business negotiations while looking at actual merchandise
- POINT 05 OEM negotiations are also possible at the site
- POINT 06 Admissions are free

Service Details : Overseas Business

Japan Tokyo Yiwu Selection (2)Scheme

■ **Joint initiatives with Sinomach Hainan through Japan Tokyo Yiwu Selection**



Sinomach Hainan supports product inspection, packaging, shipping, and seamless payment
Japanese buyers can engage in transactions with peace of mind

Service Details : Overseas Business

Japan Tokyo Yiwu Selection　(3)Business Partnership 1

Entered into a strategic partnership agreement with Sinomach Hainan Development Co., Ltd., a group company of China National Machinery Industry Corporation (Sinomach Group), a major Chinese conglomerate

国机海南 SINOMACH

Company name	Sinomach Hainan Development Co., Ltd.
Representative	Jibo Cai
Address	Zone A, Floor 7, Joint Inspection Building, Haikou Integrated Free Trade Zone, Hainan Province

China National Machinery Industry Corporation (Sinomach Group) is a major Chinese conglomerate and a Fortune Global 500 enterprise leading China's machinery industry, with over 120,000 employees and over 360 overseas locations in more than 100 countries and regions. Its business spans a range of industries, including machinery, energy, and transportation, among others. Sinomach Group reported total assets of 355.7 billion yuan (7,363 billion yen) and operating profit of 343.0 billion yuan (7,118.7 billion yen)*.

Sinomach Hainan Development, a group company of Sinomach Group headquartered in Hainan, is engaged in building a free trade network.

Assessing various joint initiatives in the overseas business overall

Note: Based on "Key Financial Information for FY2022" (https://www.sinomach.com.cn/xxgk/zycwxx/202310/t20231019_424356.html) on the Sinomach Group's homepage. Calculated using an exchange rate of 20.7 yen/yuan.

Japan Tokyo Yiwu Selection　(3)Business Partnership2

Entered into a strategic partnership with Zhejiang China Commodities City Group Co., Ltd., which operates Yiwu Market, one of the largest wholesale markets in the world

- China's **state-owned holding company**; **listed on Shanghai Stock Exchange (securities code: 600415)**
- Market area: **6.4 million sqm**, no. of suppliers: **75,000 companies**
- No. of market visitors: **About 200,000 persons/day**
- Market **GMV**: **About 4 trillion yen/year**

Company name	Zhejiang China Commodities City Group Co., Ltd.
Representative	Wen'ge Zhao
Established	December 1993
Capital	Approx. 5,489 million yuan (approx. 100 billion yen)*
Address	Ocean Business Building No. 105, Futian Road, Yiwu City, Zhejiang Province
Business	Sale of real estate and commodities, operation of markets, development of online trading platforms, and provision of hotel, exhibition, and advertising services

Company Profile

Company name
Aucfan Co., Ltd.

Location
Sumitomo Fudosan Osaki Twin Bldg.East 7F
5-1-18 Kitashinagawa,Shinagawa-ku,
Tokyo 141-0001

Founded
June 2007

Capital
973.68 million yen
(as of September 30, 2024)

Employees
186* (as of September 30, 2024)
*Number of employees on a consolidated basis
(excl. part-time)

Head office

aucfan GROUP

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