

Consolidated Financial Results (Japanese Accounting Standards)

For the Third Quarter Ended 30 June 2021

12 August 2021

Company Name BEENOS Inc. Stock Exchange Listing Tokyo
 Stock Code 3328 URL <http://www.beenos.com>
 Representative President and Group CEO Shota Naoi
 Contact Executive Officer Hisanori Matsuda (TEL) 03-6859-3328
 Scheduled filing date of the Annual Securities Report 13 August 2021 Scheduled date of commencement of dividend payment —
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter Ended 30 June 2021

(1 October 2020 – 30 June 2021)

(1) Consolidated Results of Operations (Accumulated Total) (% show year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-----------|-------------|------|------------------|-------|-----------------|-------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| 3Q FY2021 | 18,341 | △6.0 | 1,090 | △60.5 | 1,065 | △60.8 | 448 | △74.8 |
| 3Q FY2020 | 19,501 | 11.1 | 2,756 | — | 2,718 | — | 1,784 | — |

(Note) Comprehensive Income 3Q FY2021 1,258 Mil. yen (△28.9%) 3Q FY2020 1,769 Mil. yen (—%)

| | Net income per share (basic) | Net income per share (diluted) |
|-----------|------------------------------|--------------------------------|
| | Yen | Yen |
| 3Q FY2021 | 34.98 | 32.72 |
| 3Q FY2020 | 143.20 | — |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-----------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| 3Q FY2021 | 21,928 | 11,797 | 53.3 | 908.80 |
| FY2020 | 23,029 | 11,210 | 48.3 | 882.12 |

(Reference) Shareholders' equity 3Q FY2021 11,684 Million yen FY2020 11,130 Million yen

2. Dividends

| | Dividend per share | | | | |
|-------------------|--------------------|-----------|-----------|----------|-------|
| | End of 1Q | End of 2Q | End of 3Q | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY2020 | — | 0.00 | — | 20.00 | 20.00 |
| FY2021 | — | 0.00 | — | | |
| FY2021 (Forecast) | | | | 25.00 | 25.00 |

Note: Changes from previous dividend forecast: Yes

3. Consolidated Forecasts for the Fiscal Year Ending 30 September 2021

(1 October 2020 – 30 September 2021)

We are refraining from disclosing our consolidated forecast for FY2021. Please refer to "Explanation of Outlook for FY2021" on pg. 7 for details.

※ Notes

(1) Changes of important subsidiaries during period : None

New companies: -(Company name: -) Excluded companies: -(Company name: -)

(2)

(3) Changes in accounting policies and changes or restatement of accounting estimates

① Changes in accounting policies caused by revision of accounting standards : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(4) Number of shares outstanding (common shares)

① Number of shares outstanding at the end of period (including treasury shares)

| | | | |
|-----------|----------------------|-----------|----------------------|
| 3Q FY2021 | 13,335,995 Shares | FY2020 | 13,335,995 Shares |
| 3Q FY2021 | 478,417 Shares | FY2020 | 717,670 Shares |
| 3Q FY2021 | 12,831,903 Shares | 3Q FY2020 | 12,459,437 Shares |

② Number of treasury shares at end of period

③ Average number of shares outstanding during the term

※ Status of a quarterly review

This financial summary does not need to undergo auditing.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors.

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1. Qualitative Information for this Fiscal Year's Results

(1) Business Performance Report

The BEENOS Group aims to be on the "Global Platform Frontier" and continue to create platforms that will connect Japan with the world to create new standards and possibilities for people, products and experiences.

Our objective this year is to "establish a position that competitors cannot catch up to" in the Global Commerce Business, "shift to higher ticket items and fortify foreign sales" in the Value Cycle Business and "create a new SaaS-type system specific to the entertainment industry" in the Entertainment Business. We also believe that the effects of the COVID-19 pandemic will have a long-term effect and will take the necessary measures to adapt in the most appropriate manner for the safety and the growth of our businesses.

In the third quarter, the Global Commerce Business continued to decrease shipping rates to various countries including the USA and Russia to increase its share of the market by leveraging its position. The Value Cycle Business has conducted multiple measures, including the opening of additional brick and mortar stores, and has opened a store on China's largest Cross Border EC Mall "Tmall Global" to increase its overseas transactions. The Entertainment Business focused on the sales of official merchandise of performing artists and aimed to create a scheme that would not depend heavily on in-person events. As a result, the E-Commerce Business showed strong growth in sales and operating income. The Incubation Business recorded minimal sales on investments. The new businesses have continued its efforts to support Japanese companies and content holders with their global penetration and advancement by joining partnerships with places such as Alibaba Group's CtoC marketplace "Taobao" and flea market app "Xianyu" as well as Southeast Asia's largest EC platform, "Lazada". As we continue to connect Japan with the world's largest EC markets, we aim to create new markets that crosses borders.

As a result, the 3rd quarter consolidated net sales were 18,341 Million JPY (down 6.0% year on year), operating income was 1,090 Million JPY (down 60.5% year on year), ordinary income was 1,065 Million JPY (down 60.8% year on year), and net income attributable to owners of parent was 448 Million JPY (down 74.8% year on year). The main reason for the big decrease year on year is because we recorded sales of operational investment securities last year (about 3.2 Billion JPY), but sales in the same category were minimal year to date.

The consolidated GMV for the 3rd quarter was 47.2 Billion JPY (up 30.3% year on year).

The achievements of each business segment are as follows.

① E-Commerce Business

i) Global Commerce Business

As COVID-19 has delayed or suspended international distribution, The Overseas Forwarding and Proxy Purchasing Business (From Japan) has made a concerted effort to provide alternative shipping methods to foreign countries which has led to an increased pace in sales. The United States has particularly seen an increase in orders as we are able to implement an original shipping service that provides shipping charges at less than half the normal cost which gives us leverage over competitors. We have also created an original shipping method for the Russian market which is seeing a rapid growth in the EC market and has high potential. Shipping to Russia had been limited to shipping by sea which took months for a package to arrive. We have successfully decreased shipping time to approximately 10 days while lowering costs as much as possible to make the service more convenient for users in Russia. We have also made it easier for Japanese EC services to make their products available on Buyee through "Buyee Connect" which can be simply done by installing a few tags on the EC service's website. Popular websites such as LOCONDO.jp and URBAN RESEARCH ONLINE STORE have already used this service. Buyee Connect allows users to purchase through major foreign payment services such as PayPal and Alipay as well as receiving customer support in various languages including English and Chinese.

The Global Shopping Business (To Japan) has continued to automate its operations and conducted marketing strategies aimed at individual users to increase its number of active users. Though COVID-19 has hit the United

States hard, where our distribution center is located, operations were delayed temporarily by the pandemic, but has returned to normal.

As a result, the net sales were 6,069 Million JPY (up 44.0% year on year) and operating income was 2,076 Million JPY (up 82.1% year on year).

i) Value Cycle Business

The Apparel Reuse Business has seen a decrease in demand for luxury items with the continuing spike of COVID-19 and the declaration of a state of emergency in major Japanese cities but has been able to improve its operating margins through the improvement of gross profit margins and optimizing advertising costs. On the purchasing side, we have opened 4 Brandear brick and mortar stores in Tokyo which increases our total to 6 stores to continue the purchasing of luxury items. These efforts have increased the average unit price of purchased items. Furthermore, our online appraising service, "Brandear Bell", has started appraising watches and accessories and our delivery purchasing service has now implemented an insurance service on its deliveries up to 5 Million JPY. These non-face to face measures have improved our purchasing services and led to a steady flow of purchases. On the selling side, we have partnered with the Taiwan and Southeast Asia E-Commerce juggernaut, "Shopee," as well as China's largest Cross Border EC Mall "Tmall Global" to sell merchandise abroad. This has led to an increase in foreign sales which now comprises of 14.9% of all sales in 3Q (foreign composition was 10.3% on 2Q FY2021). We have also started a back-order service where customers can have items they are interested be shipped to any of Brandear or JOYLAB's locations where they can see it first-hand before purchasing the item.

The Liquor Mediation Business has increased its marketing to purchase items from restaurants and bars. As a result, purchases increased. On the selling side, sales were doing well due to consumers purchasing liquor to drink at home as well as an increase in demand for Japanese whiskey that is no longer in circulation. Furthermore, the purchase of luxury items at JOYLAB stores has increased which is accomplishing our measures to increase the synergy within the BEENOS Group.

As a result, net sales were 8,767 Million JPY (down 3.2% year on year) and operating income was 93 Million JPY (up 450.0% year on year).

iii) Entertainment Business

The Entertainment Business continues to see a downward trend of large-scale events due to the COVID-19 pandemic which has led to a decrease in sales at concert venues. However, we have seen a steady increase in sales as we have focused on selling merchandise via E-commerce at online events. We have also optimized operation to cut on fixed costs which has increased operating margins.

The Global Product Business has seen healthy sales in its original cosmetic brands, such as "366 (San Roku Roku). "

As a result, the net sales were 3,337 Million JPY (up 12.5% year on year) and operating income was 164 Million JPY (compared with operating loss of 64 Million JPY in 3Q FY2020).

For the E-Commerce Business as a whole, net sales were 18,174 Million JPY (up 11.9% year on year) and operating income was 2,334 Million JPY (up 113.5% year on year).

②Incubation Business

The Investment and Consultation Business has focused on investing in startups in online marketplaces and online payments in emerging countries and Japanese inbound tourism in Japan. We have teamed up with one of our domestic investments, Vpon JAPAN Inc., to create a digital solution on the cross-border front. This partnership with BEENOS Travel Inc. will operate the "Japan inbound media promotion verification" service that will gauge how inbound-related advertisements and articles have converted to users actually visiting the target region. We currently find ourselves in the stage where we can synergize with the companies we have

invested in. Inbound related startups are still in a rough position with the COVID-19 pandemic, but we remain focused on projects that we can release once the pandemic settles down. Though we have only recorded minimal sales on investment securities, many of our investments have seen their numbers recover back to, or even beyond, what it was when the pandemic started due to a global shift to the digital sector. We will continue to monitor these companies and make any sales at the opportune moment.

The Start-up Business has a start-up that has partnered with one of Southeast Asia's largest EC platforms, "Lazada," and has continued in 2Q to partner Mercari with Alibaba Group's CtoC marketplace "Taobao" and flea market app "Xianyu." This allows users on "Taobao" and "Xianyu" to make purchases on Japan's "Mercari." As we cover the translation of product information, offer multi-lingual customer support and take care of logistics to ship overseas, Japanese companies are able to list onto the previously mentioned platforms without doing any special operation on their side. BEENOS Entertainment Inc., a subsidiary that works on the assistance of the digital transformation of the entertainment industry, has launched an EC platform "Groobee" that allows artists, etc. in the entertainment industry to create an EC website in as little as 5 business days. In the travel industry, Metro Engines has teamed up with BEENOS Travel Inc. to operate "Monthly Hotel", a hotel booking site tailored to long term bookings.

As a result, net sales for the were 227 Million JPY (down 93.1% year on year) and operating loss was 643 Million JPY (compared with an operating income of 2,275 Million JPY in 3Q FY2020).

The market value for our operational investment securities at the end of March 2021 was 20.9 Billion JPY.¹

(2) Financial Status Report

① Financial Status Analysis

(i) Assets

Assets totaled 21,928 Million JPY at the end of the 3Q, down 1,101 Million JPY from the end of the previous fiscal year.

Current assets totaled 18,095 Million JPY, down 1,763 Million JPY from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of 2,302 Million JPY and accounts receivable-other of 1,072 Million JPY and an increase in operational investment securities of 976 Million JPY.

Total non-current assets were 3,832 Million JPY, up 661 Million JPY from the end of the previous fiscal year. This was mainly due to an increase in investment securities of 602 Million JPY.

(ii) Liabilities

Total liabilities at the end of the 3Q of the fiscal year under review were 10,130 Million JPY, a decrease of 1,689 Million JPY from the end of the previous fiscal year.

Total current liabilities amounted to 8,060 Million JPY, down 1,623 Million JPY from the end of the previous fiscal year. This was mainly due to a decrease in deposits received of 1,692 Million JPY, a decrease in notes and accounts payable-trade of 201 Million JPY, and an increase in accounts payable-other of 263 Million JPY.

Total non-current liabilities were 2,069 Million JPY, down 65 Million JPY from the end of the previous fiscal year. This was mainly due to a decrease in deferred tax liabilities of 108 Million JPY and an increase in long-term loans payable of 47 Million JPY.

(iii) Net assets

Net assets totaled 11,797 Million JPY at the end of the 3Q, up 587 Million JPY from the end of the previous fiscal year. This was mainly attributable to a decrease due to an increase of 513 Million JPY in treasury shares, an increase of 591 Million JPY in unrealized gains on available-for-sale securities, an increase of 217 Million JPY in foreign currency translation adjustments, and an increase of 196 Million JPY in retained earnings.

¹ The market value for listed companies is calculated at its stock price. Unlisted companies are calculated based on our number of shares with the price of the most recent stock issuance (if a company has recorded allowance for loss on investments, it is priced at book value). This amount has been calculated internally and has not gone through the auditing process.

(3) Outlook for FY2021

We are refraining from disclosing our consolidated FY2021 forecast as we have determined that it is not logical to forecast the timing and amount of sales of operational investment securities in the Incubation Business. Moreover, we need to be flexible regarding the timing and amount we plan to invest in our new businesses as we closely monitor the upcoming circumstances.

We do believe that disclosing our forecast is very important in making investment decisions, so we will proceed to disclose the forecast for our E-Commerce Business which is more transparent.

Given the status of our financial results and the projections we currently have, we have decided to make the following adjustments to the forecast we released on 6 May 2021.

The updated forecast as well as the reasoning behind the adjustments are outlined as follows.

【Global Commerce】

There has been a large increase in orders from North America and Taiwan due to our capability to provide shipping at a cheaper cost. We foresee this increase to continue which will boost GMV, net sales and operating income. The effects of COVID-19 on logistics were not considered in these projections.

【Value Cycle】

The COVID-19 pandemic and ensuing declaration of a state of emergency by the Japanese government to refrain from going outdoors has led to an increase in purchases of brand-named items and apparel but has negatively affected sales due to a decrease in consumer appetite. Furthermore, the shift to handle high ticket items has increased purchasing costs which subsequently decreased gross profit margins. These factors lead to a decrease in the forecast for operating income.

【Entertainment】

We are decreasing the GMV forecast due to an error we found in the GMV in Q1 and Q2. Furthermore, the continuation of COVID-19 preventing large gatherings such as live concerts will negatively impact this business, thus net sales and operating income are forecasted to decrease in this segment.

E-Commerce Business Forecast

(Unit: Billion JPY)

| | | Global Commerce | Value Cycle | Entertainment | Total |
|--------------------------|------------------|-----------------|-------------|---------------|-------|
| Previously Announced (A) | GMV | 39.7 | 12.0 | 10.6 | 62.4 |
| | Net Sales | 7.8 | 12.0 | 4.4 | 24.3 |
| | Operating Income | 2.55 | 0.18 | 0.14 | 2.87 |
| Adjusted (B) | GMV | 43.9 | 11.9 | 8.2 | 64.0 |
| | Net Sales | 8.2 | 11.9 | 4.1 | 24.3 |
| | Operating Income | 2.87 | 0.03 | 0.13 | 3.03 |
| Difference (B-A) | GMV | 4.2 | ▲0.1 | ▲2.4 | 1.6 |
| | Net Sales | 0.4 | ▲0.1 | ▲0.3 | — |
| | Operating Income | 0.32 | ▲0.15 | ▲0.01 | 0.16 |
| Percent Change (%) | GMV | 10.6% | ▲0.8% | ▲22.6% | 2.6% |
| | Net Sales | 5.1% | ▲0.8% | ▲6.8% | — |
| | Operating Income | 12.5% | ▲83.3% | ▲7.1% | 5.6% |

FY2020 Results (Reference)

| | Global Commerce | Value Cycle | Entertainment | Total |
|------------------|-----------------|-------------|---------------|-------|
| GMV | 29.7 | 12.1 | 8.2 | 50.1 |
| Net Sales | 5.9 | 12.1 | 4.0 | 22.1 |
| Operating Income | 1.68 | 0.10 | ▲0.09 | 1.69 |

※As of 1Q FY2021, the names of the following business segments have changed. The "Cross Border Business" is now the "Global Commerce Business" and the "Retailing and Licensing Business" is now the "Entertainment Business." The subsidiaries within each business segment remains the same.

2. Quarterly Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit:1,000 JPY)

| | Year-end FY2020 (30 September 2020) | 3Q FY2021 (30 June 2021) |
|------------------------------------|--|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,976,285 | 7,673,894 |
| Notes and accounts receivable | 1,110,244 | 560,141 |
| Operational investment securities | 3,966,499 | 4,942,802 |
| Products | 1,553,412 | 2,106,638 |
| Accounts receivable | 2,090,188 | 1,018,148 |
| Other | 1,167,282 | 1,799,109 |
| Allowance for doubtful accounts | △5,600 | △5,600 |
| Total current assets | 19,858,313 | 18,095,134 |
| Fixed assets | | |
| Tangible Assets | | |
| Buildings and structures | 581,194 | 657,524 |
| Accumulated depreciation | △297,855 | △334,919 |
| Buildings and structures, net | 283,339 | 322,604 |
| Vehicles | 9,549 | 9,690 |
| Accumulated depreciation | △8,716 | △9,116 |
| Vehicles, net | 833 | 573 |
| Tools, materials and supplies | 205,497 | 195,435 |
| Accumulated depreciation | △147,248 | △141,443 |
| Tools, materials and supplies, net | 58,249 | 53,991 |
| Total tangible assets | 342,421 | 377,170 |
| Intangible assets | | |
| Goodwill | 374,785 | 295,803 |
| Other | 167,754 | 257,129 |
| Total intangible assets | 542,539 | 552,932 |
| Investments etc. | | |
| Investment securities | 1,776,419 | 2,379,364 |
| Deferred tax assets | 68,772 | 62,389 |
| Other | 441,221 | 461,094 |
| Total investments etc. | 2,286,413 | 2,902,848 |
| Total fixed assets | 3,171,375 | 3,832,952 |
| Total assets | 23,029,688 | 21,928,087 |

(Unit:1,000 JPY)

| | Year-end FY2020 (30 September 2020) | 3Q FY2021 (30 June 2021) |
|---|--|-----------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 348,387 | 146,664 |
| Short-term loan | 1,600,000 | 1,600,000 |
| Current portion of long-term loans payable | 300,000 | 300,000 |
| Accounts payable-other | 3,373,049 | 3,636,058 |
| Deposits received | 2,373,894 | 681,188 |
| Income taxes payable | 783,695 | 814,177 |
| Other | 904,829 | 882,606 |
| Total current liabilities | 9,683,855 | 8,060,694 |
| Fixed liabilities | | |
| Long-term loans payable | 1,721,617 | 1,769,000 |
| Deferred tax liabilities | 212,544 | 103,565 |
| Asset retirement obligations | 201,420 | 196,648 |
| Other | - | 372 |
| Total fixed liabilities | 2,135,582 | 2,069,587 |
| Total liabilities | 11,819,437 | 10,130,281 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,775,840 | 2,775,840 |
| Capital surplus | 3,903,953 | 3,965,173 |
| Retained earnings | 5,462,007 | 5,658,457 |
| Treasury Stock | △778,700 | △1,291,991 |
| Total shareholders' equity | 11,363,100 | 11,107,479 |
| Other accumulated comprehensive income | | |
| Valuation difference on securities | △286,179 | 305,771 |
| Foreign currency translation adjustments | 53,939 | 271,667 |
| Total other accumulated comprehensive income | △232,239 | 577,438 |
| Share subscription rights | 79,389 | 112,886 |
| Total net assets | 11,210,251 | 11,797,805 |
| Total liabilities and net assets | 23,029,688 | 21,928,087 |

(2) Quarterly Consolidated Profit & Loss Statement and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Profit & Loss Statement
Consolidated Cumulative 3rd Quarter

(Unit:1,000 JPY)

| | 3Q FY2020 (1 October 2019 – 30 June 2020) | 3Q FY2021 (1 October 2020 – 30 June 2021) |
|---|---|---|
| Net sales | 19,501,979 | 18,341,051 |
| Cost of sales | 8,964,039 | 9,161,462 |
| Gross profit | 10,537,939 | 9,179,588 |
| Selling, general and administrative expenses | 7,781,089 | 8,089,381 |
| Operating income | 2,756,849 | 1,090,207 |
| Non-operating income | | |
| Interest income | 54 | 138 |
| Equity in earnings of affiliates | 257 | - |
| Subsidy income | 29,084 | 51,094 |
| Gain on investments in partnerships | 15,177 | 18,153 |
| Guarantee income | - | 3,113 |
| Other | 32,691 | 40,017 |
| Total non-operating income | 77,265 | 112,517 |
| Non-operating expenses | | |
| Interest expenses | 7,114 | 10,588 |
| Equity in loss of affiliates | - | 68,995 |
| Foreign exchange losses | 13,853 | 54,235 |
| Commissions paid | 93,455 | 3,566 |
| Other | 871 | 279 |
| Total non-operating expenses | 115,294 | 137,665 |
| Ordinary income | 2,718,821 | 1,065,059 |
| Extraordinary income | | |
| Gain on reversal of subscription rights to shares | 10,330 | 914 |
| Total extraordinary income | 10,330 | 914 |
| Income (△) before income taxes and minority interests | 2,729,151 | 1,065,973 |
| Income taxes | 1,073,475 | 970,767 |
| Income taxes-deferred | △71,729 | △353,610 |
| Total income taxes | 1,001,745 | 617,157 |
| Quarterly net income | 1,727,405 | 448,816 |
| Loss (△) attributable to non-controlling interests | △56,782 | - |
| Net profit attributable to owners of parent | 1,784,188 | 448,816 |

Quarterly Consolidated Statement of Comprehensive Income
 Consolidated Cumulative 3rd Quarter

(Unit:1,000 JPY)

| | 3Q FY2020 (1 October 2019 – 30 June 2020) | 3Q FY2021 (1 October 2020 – 30 June 2021) |
|--|---|---|
| Quarterly net income | 1,727,405 | 448,816 |
| Other comprehensive income | | |
| Valuation difference on securities | 36,275 | 591,653 |
| Foreign currency translation adjustments | 6,649 | 212,659 |
| Share of other comprehensive (loss) income in associates | △394 | 5,365 |
| Total other comprehensive income | 42,531 | 809,678 |
| Quarterly Comprehensive income | 1,769,936 | 1,258,494 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 1,826,719 | 1,258,494 |
| Comprehensive income attributable to non-controlling interests | △56,782 | - |

(4) Notes on Quarterly Consolidated Financial Statements

(Notes regarding the premise of on-going concerns)

Not Applicable

(Notes regarding significant changes in the amount of shareholder's equity)

Not Applicable

(Segment Information, etc.)

【Segment Information】

I Previous Consolidated Cumulative 3rd Quarter(1 October 2019 – 30 June 2020)

1. Information regarding sales, profit or loss, and liabilities by reporting segment

(Unit:1,000 JPY)

| | Reporting Segment | | | | | | Adjustments (Note)1 | Recorded Amount on Quarterly Consolidate d Profit & Loss Statement (Note)2 |
|--|---------------------|----------------|-------------------|------------|------------------------|------------|------------------------|---|
| | E-Commerce Business | | | | Incubation Business | Total | | |
| | Global Commerce | Value Cycle | Entertain ment | Subtotal | | | | |
| Net Sales | | | | | | | | |
| Sales to Customer | 4,207,248 | 9,061,180 | 2,966,783 | 16,235,212 | 3,266,766 | 19,501,979 | - | 19,501,979 |
| Internal Sales or Transfer Between Segment | 9,082 | - | 99 | 9,182 | 58,508 | 67,690 | △67,690 | - |
| Total | 4,216,331 | 9,061,180 | 2,966,882 | 16,244,395 | 3,325,275 | 19,569,670 | △67,690 | 19,501,979 |
| Segment Earnings | 1,140,408 | 16,944 | △64,242 | 1,093,110 | 2,275,534 | 3,368,645 | △611,795 | 2,756,849 |

(Note) 1. The segment earnings or loss adjustment of △611 Million JPY includes the deletion of inter-segment transactions of △1,827 Million JPY, company-wide revenue of 2,148 Million JPY, that is not distributed to each reporting segment, and company-wide cost of △932 Million JPY. Company-wide revenues are mainly the Company's received commission from each subsidiary. Company-wide costs are mainly the Company's administrative costs toward the subsidiaries.

2. Segment Losses are adjusted in the operating income of the Quarterly Consolidated Profit & Loss Statement.

II Current Consolidated Cumulative 3rd Quarter (1 October 2020 – 30 June 2021)

1. Information regarding sales, profit or loss, and liabilities by reporting segment

(Unit:1,000 JPY)

| | Reporting Segment | | | | | | Adjustments (Note) 1 | Recorded Amount on Quarterly Consolidated Profit & Loss Statement (Note) 2 |
|--|---------------------|----------------|-------------------|------------|------------------------|------------|-------------------------|--|
| | E-Commerce Business | | | | Incubation Business | Total | | |
| | Global Commerce | Value Cycle | Entertain ment | Subtotal | | | | |
| Net Sales | | | | | | | | |
| Sales to Customer | 6,062,927 | 8,767,268 | 3,336,649 | 18,166,844 | 174,207 | 18,341,051 | - | 18,341,051 |
| Internal Sales or Transfer Between Segment | 6,999 | 155 | 588 | 7,743 | 53,770 | 61,514 | △61,514 | - |

| | | | | | | | | |
|------------------|-----------|-----------|-----------|------------|----------|------------|----------|------------|
| Total | 6,069,926 | 8,767,423 | 3,337,237 | 18,174,588 | 227,977 | 18,402,565 | △61,514 | 18,341,051 |
| Segment Earnings | 2,076,230 | 93,192 | 164,759 | 2,334,182 | △643,823 | 1,690,358 | △600,151 | 1,090,207 |

(Note) 1. The segment earnings or loss adjustment of △600 Million JPY includes the deletion of inter-segment transactions of 158 Million JPY, company-wide revenue of 271 Million JPY, that is not distributed to each reporting segment, and company-wide cost of △872 Million JPY. Company-wide revenues are mainly the Company's received commission from each subsidiary. Company-wide costs are mainly the Company's administrative costs toward the subsidiaries.

2. Segment Losses are adjusted in the operating income of the Quarterly Consolidated Profit & Loss Statement.

2. Notes regarding changes in reporting segments

As of 1Q FY2021, the names of the following business segments have changed. The "Cross Border Business" is now the "Global Commerce Business" and the "Retailing and Licensing Business" is now the "Entertainment Business." The subsidiaries within each business segment remains the same.

We have reflected the name change in 3Q FY2020's segment information.