

Consolidated Financial Results (Japanese Accounting Standards)

For the First Quarter Ended 31 December 2021

8 February 2022

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
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 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended 31 December 2021

(1 October 2021 – 31 December 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	%
1Q FY2022	6,816	8.6	82	△76.2	36	△88.3	△18	—
1Q FY2021	6,275	△22.8	345	△85.4	311	△86.8	122	△92.3

(Note) Comprehensive Income 1Q FY2022 131 Mil. yen (53.0%) 1Q FY2021 85 Mil. yen (△94.8%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
1Q FY2022	△1.43	—
1Q FY2021	9.71	9.13

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q FY2022	21,976	10,904	48.9	851.70
FY2021	21,797	11,395	51.7	883.49

(Reference) Shareholders' equity 1Q FY2022 10,749 Million yen FY2021 11,260 Million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	0.00	—	25.00	25.00
FY2022	—				
FY2022 (Forecast)		—	—	—	—

Note 1: Changes in the most recently announced dividend forecast: None

Note 2: The dividend for FY2022 is TBD

3. Consolidated Forecasts for the Fiscal Year Ending 30 September 2022

(1 October 2021 – 30 September 2022)

We are refraining from disclosing our consolidated forecast for FY2022. Please refer to "Explanation of Outlook for the Future" on pg. 7 for details.

※ Notes

(1) Changes of important subsidiaries during period : None

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

(2) 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

(3) Number of shares outstanding (common shares)

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

FY2021 1Q	13,335,995 Shares	FY2021	13,335,995 Shares
② Number of treasury shares at end of period	FY2021 1Q	FY2021	590,935 Shares
③ Average number of shares outstanding during the term	FY2021 1Q	FY2021 1Q	12,647,686 Shares

※ This financial summary does not need to go through the auditing process.

※ 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 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 "optimize and fortify our operations and logistics to our focal regions in Buyee" in the Global Commerce Business, "shift to higher ticket items and fortify foreign sales" in the Value Cycle Business and "utilize our entertainment industry centered platform to drive the DX of the entertainment industry" in the Entertainment Business. We are considering COVID-19 to have a long-term impact so we will continue to monitor the effects of COVID-19 and will make all necessary countermeasures.

The highlights for the consolidated first quarter are as follows. Global Commerce increased our share of the market by implementing cheaper shipping options to select countries and conducting marketing practices tailored to specific regions. Value Cycle continued to fortify its foreign sales channels and took measures to make purchasing from users a more convenient process for them. Entertainment has expanded its reach to operating fan sites for artists and increased the functionality of its EC sites so that it would be less dependent on live events.

The Incubation segment did not record any sales on investment securities in the first quarter. New Businesses succeeded in acquiring more artists for its entertainment platform. We are continuing to develop the business to help Japanese companies be listed on foreign platforms to sell their products abroad.

As a result, the consolidated net sales for 1Q were 6,816 million JPY (up 8.6% YoY), operating income was 82 million JPY (down 76.2% YoY), ordinary income was 36 million JPY (down 88.3% YoY) and net losses attributable to owners of parent was 18 million JPY (net income attributable to owners of parent in 1Q FY2021 was 122 million JPY).

The consolidated GMV for 1Q FY2022 was 18.4 billion JPY (up 24.4% YoY).

The achievements of each business segment are as follows.

①E-Commerce Business

i) Global Commerce Business

The Overseas Forwarding and Proxy Purchasing Business (From Japan) expanded its low-cost international delivery service, ECMS Express, to the US, South Korea, Hong Kong and Singapore (previously only available to Taiwan). Furthermore, we have implemented an original international delivery service to Russia, one of our high-profile target regions, which allowed us to provide shipping at a more competitive rate to drive more GMV and sales. We have also improved the user experience for users in Taiwan, which has a low credit card usage rate, by allowing them to pay after the product arrives. We have also added the fashion EC site, BAYCREW'S STORE, operated by BAYCREW'S CO., LTD. and sneaker-based flea market service, SNKRDUNK, operated by SODA inc. to our lineup of stores we assist in their international penetration.

On the other hand, China continues to restrict its users from accessing foreign websites which has affected our services and subsequently decreased the orders we receive from mainland China. We had anticipated this as a risk and have intentionally focused on the growth of other countries so that we would not be heavily dependent on China. Furthermore, we have been constructing a system within the New Business subsegment of the Incubation Business to partner with major EC platforms in China to boost our traffic through those channels. Therefore, the impact of the restrictions by China to our overall results is limited.

The Global Shopping Business (To Japan) continues to aim to yield a consistent profit and has made improvements to its UI and took measures to retain repeat customers.

As a result, the consolidated net sales for 1Q were 2,331 million JPY (up 31.8% YoY) and operating income was 715 million JPY (up 23.6% YoY).

ii) Value Cycle Business

The Apparel Reuse Business has been focusing its resources on its partnerships with foreign platforms to boost foreign sales. As a result, the composition of foreign sales rose to 24.4% (composition was 18.7% at 4Q FY2021). On the other hand, the temporary decline of COVID-19 cases led to an upward trend in domestic sales, but gross profit margins decreased as more high-ticket items with lower profit margins were being sold. The purchasing side has done well as Brandear opened 2 new stores to bring its total up to 10 brick and mortar stores (including joint stores with JOYLAB). It has also extended the hours of its online purchasing service, Brandear Bell, to be able to support more customers.

The Liquor Mediation Business has seen a healthy growth in sales as the demand for Japanese whiskey and sake increased overseas and we have been able to distribute the products overseas. JOYLAB also opened a new store with Brandear and carried out some promotions to increase purchases.

As a result, the consolidated net sales for 1Q were 3,653 million JPY (up 28.7% YoY) and operating loss was 122 million JPY (operating income in 1Q FY2021 was 51 million JPY).

iii) Entertainment Business

The Entertainment Business continues to be affected by COVID-19 as live events are still being limited in size and scale which led to a decrease in the sales of merchandise at live events. However, we have improved the UI of the EC sites of the artists we are partnered with and have included an online lottery system for fans to purchase and enjoy. We have also began operating fan club sites for artists to increase our points of monetization.

The Global Product Business partnered its fragrant body care brand, SWATi, with the Disney Princess design to package its products in. We have also been able to boost the recognition of Lavisia's Pokemon cosmetic products, our in-house brand, which had led to an increase in sales.

As a result, the consolidated net sales for 1Q were 925 million JPY (down 44.0% YoY) and operating income was 43 million JPY (down 68.6% YoY).

For the E-Commerce Business as a whole, net sales were 6,911 million JPY (up 10.4% year on year) and operating income was 636 million JPY (down 17.4% 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. Droom, one of India's largest online vehicle marketplaces, has filed for an IPO. We have invested in Droom since its seed stage and seen its growth over the years. India's NoBroker has also become a unicorn and now is one of India's leading companies in its sector. We have not recorded any sales on investments in 1Q FY2022, but plan to make sales when we find the right opportunity. Our domestic investments in the inbound tourism sector continue to face an uphill battle but continue to make preparations to provide high-end products and services for when international travel resumes.

Groobee, our entertainment industry-based platform, of our Start-up Business has started to operate EDITH ONLINE, in partnership with EDITH inc., to produce and sell merchandise for popular anime and games. Our Cross Platform Initiative has extended its reach by adding Saitama Japan Premium Shop, operated by Saitama Prefecture, onto Shopee as well as DELFONICS Store, operated by DELFONICS Co., Ltd., onto Shopee and Lazada. We provide customer support, foreign shipping logistics and payment support in addition to listing such stores onto these foreign marketplaces.

As a result, the consolidated net sales for 1Q were 98 million JPY (up 342.8% YoY) and operating loss was 363 million JPY (operating loss in 1Q FY2021 was 245 million JPY).

(2) Financial Status Report

① Financial Status Analysis

(i) Assets

Total assets at the end of the 1Q of the fiscal year under review increased 179 million JPY from the end of the previous fiscal year to 21,976 million JPY.

The breakdown shows that total current assets were 18,079 million JPY, up 82 million JPY from the end of the previous fiscal year. The main factors behind this increase were an increase of 674 million JPY in operating investment securities, an increase of 536 million JPY in accounts receivable, an increase of 768 million JPY in consumption taxes receivable and a decrease of 2,559 million JPY in cash and deposits.

Total non-current assets were 3,896 million JPY, up 96 million JPY from the end of the previous fiscal year. This was mainly due to an increase in buildings and structures of 48 million JPY and an increase in investment securities of 29 million JPY.

(ii) Liabilities

Total liabilities at the end of the 1Q of the fiscal year under review increased 670 million JPY from the end of the previous fiscal year to 11,072 million JPY.

Total current liabilities stood at 9,279 million JPY, up 813 million JPY from the end of the previous fiscal year. This was mainly due to an increase of 1,000 million JPY in short-term loans payable, 337 million JPY in accounts payable-other and 144 million JPY in deposits received, and a decrease of 844 million JPY in income taxes payable.

Total non-current liabilities were 1,793 million JPY, down 142 million JPY from the end of the previous fiscal year. Major factors included an increase of 150 million JPY in long-term loans payable.

(iii) Net assets

Net assets at the end of the 1Q of the current fiscal year decreased by 491 million JPY from the end of the previous fiscal year to 10,904 million JPY. This was mainly due to a decrease of 339 million JPY in retained earnings and an increase of 321 million JPY in treasury shares.

(3) Explanation of Outlook for the Future

We are refraining from disclosing our consolidated FY2022 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 and strategy for our E-Commerce Business which is more foreseeable. No changes have been made from its initial announcement on 4 November 2021.

Unit: Bil JPY	Global Commerce	Value Cycle	Entertainment	Total
GMV	48.0~53.0	14.5~16.0	6.4~8.5	68.9~77.5
YoY	109%~121%	121%~133%	79%~105%	108%~121%
Net Sales	8.9~9.9	14.5~16.0	3.3~4.5	26.7~30.4
YoY	107%~119%	121%~133%	79%~108%	109%~124%
Operating Income	2.9~3.6	0.25~0.35	0.07~0.2	3.22~4.15
YoY	103%~128%	366%~512%	42%~119%	106%~136%
(Reference) FY2021				
GMV	43.9	12.0	8.1	64.0
Net Sales	8.2	12.0	4.1	24.4
Operating Income	2.81	0.06	0.16	3.04

2. Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: million JPY)

	FY2021 (30 September 2021)	1Q FY2022 (31 December 2021)
Assets		
Current assets		
Cash and deposits	7,770	5,211
Notes and accounts receivable	677	687
Operational investment securities	4,181	4,855
Products	2,577	2,715
Accounts receivable	1,049	1,586
Other	1,745	3,028
Allowance for doubtful accounts	△5	△5
Total current assets	17,996	18,079
Fixed assets		
Tangible Assets		
Buildings and structures	647	695
Accumulated depreciation	△346	△353
Buildings and structures, net	300	342
Tools, materials and supplies	201	214
Accumulated depreciation	△149	△150
Tools, materials and supplies, net	51	64
Other	33	33
Accumulated depreciation	△8	△10
Other, net	24	23
Total tangible assets	377	430
Intangible assets		
Goodwill	264	238
Other	270	276
Total intangible assets	535	515
Investments etc.		
Investment securities	2,336	2,365
Deferred tax assets	234	220
Other	316	365
Total investments etc.	2,887	2,951
Total fixed assets	3,800	3,896
Total assets	21,797	21,976

(Unit: million JPY)

	FY2021 (30 September 2021)	1Q FY2022 (31 December 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	233	314
Short-term loan	1,600	2,600
Current portion of long-term loans payable	300	300
Accounts payable-other	3,589	3,926
Deposits received	1,074	1,219
Income taxes payable	935	90
Other	732	828
Total current liabilities	8,466	9,279
Fixed liabilities		
Long-term loans payable	1,737	1,587
Asset retirement obligations	197	205
Total fixed liabilities	1,935	1,793
Total liabilities	10,401	11,072
Net assets		
Shareholders' equity		
Capital stock	2,775	2,775
Capital surplus	3,914	3,914
Retained earnings	5,900	5,561
Treasury Stock	△1,376	△1,697
Total shareholders' equity	11,214	10,554
Other accumulated comprehensive income		
Valuation difference on securities	△224	△212
Foreign currency translation adjustments	270	407
Total other accumulated comprehensive income	45	195
Share subscription rights	135	154
Total net assets	11,395	10,904
Total liabilities and net assets	21,797	21,976

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

Quarterly Consolidated Profit & Loss Statement
Consolidated Cumulative 1stQuarter

(Unit: million JPY)

	1Q FY2021 (1 October 2020 – 31 December 2020)	1Q FY2022 (1 October 2021 – 31 December 2021)
Net sales	6,275	6,816
Cost of sales	3,112	3,863
Gross profit	3,163	2,953
Selling, general and administrative expenses	2,818	2,871
Operating income	345	82
Non-operating income		
Interest income	0	1
Subsidy income	2	1
Gain on investments in partnerships	1	15
Guarantee income	-	4
Other	12	15
Total non-operating income	16	37
Non-operating expenses		
Interest expenses	3	3
Equity in loss of affiliates	23	60
Foreign exchange losses	22	14
Commissions paid	0	2
Other	0	2
Total non-operating expenses	50	83
Ordinary income	311	36
Extraordinary income		
Gain on reversal of subscription rights to shares	0	1
Total extraordinary income	0	1
Income (△) before income taxes and minority interests	312	38
Income taxes	506	51
Income taxes-deferred	△316	4
Total income taxes	189	56
Quarterly net income	122	△18
Net profit attributable to owners of parent	122	△18

Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative 1st Quarter

	(Unit: million JPY)	
	1Q FY2021 (1 October 2020 – 31 December 2020)	1Q FY2022 (1 October 2021 – 31 December 2021)
Quarterly net income	122	△18
Other comprehensive income		
Valuation difference on securities	24	11
Foreign currency translation adjustments	△59	134
Share of other comprehensive (loss) income in associates	△1	3
Total other comprehensive income	△37	149
Quarterly Comprehensive income	85	131
(Breakdown)		
Comprehensive income attributable to owners of parent	85	131
Comprehensive income attributable to non-controlling interests	-	-

(3) 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

(Application of Accounting Standard for Revenue Recognition)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, 31 March 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition") and other standards are applied from the beginning of the 1Q of the current fiscal year to recognize revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

The Company follows the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, etc. However, the adoption of this accounting standard has no impact on the Company's income and retained earnings at the beginning of the 1Q under review.

In accordance with the transitional treatment stipulated in paragraph 28-15 of the "Accounting Standard for Quarterly Financial Statements" (ASBJ Statement No. 12, 31 March 2020), information disaggregated by revenue from contracts with customers for the 1Q of the previous fiscal year is not presented.

(Application of Accounting Standard for Calculation of Fair Value)

The Accounting Standard for Calculation of Fair Value (ASBJ Statement No. 30, 4 July 2019, hereinafter referred to as the "Accounting Standard for Calculation of Fair Value") and other standards have been applied from the beginning of the 1Q of the current fiscal year, and the new accounting policy established by the Accounting Standard for Calculation of Fair Value will be applied in the future in accordance with the transitional treatment stipulated in paragraph 2019 of the Accounting Standard for Market Value and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, 4 July 2019).

There is no impact on the quarterly consolidated financial statements.

(Segment Information, etc.)

I Previous Consolidated Cumulative 1st Quarter (1 October 2020 – 31 December 2020)

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

(Unit: million JPY)

	Reporting Segment						Adjustment s (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 Customers	1,766	2,840	1,653	6,259	16	6,275	-	6,275
Internal Sales or Transfers Between Segments	2	-	0	2	6	8	△8	-
Total	1,768	2,840	1,653	6,262	22	6,284	△8	6,275
Segment Earnings	579	51	140	771	△245	525	△180	345

(Notes) 1. The segment earnings or loss adjustment of △180 million JPY includes the deletion of inter-segment transactions of △0 million JPY, company-wide revenue of 127 million JPY, that is not distributed to each reporting segment, and company-wide cost of △307 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 Profits are adjusted in the operating income of the Consolidated Profit & Loss Statement.

II Current Consolidated Cumulative 1st Quarter (1 October 2021 – 31 December 2021)

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

(Unit: million JPY)

	Reporting Segment						Adjustment s (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								
Contract based income with customers	2,324	3,485	925	6,736	80	6,816	-	6,816
Sales to Customers	2,324	3,485	925	6,736	80	6,816	-	6,816
Internal Sales or Transfers Between Segments	6	168	-	174	18	193	△193	-
Total	2,331	3,653	925	6,911	98	7,009	△193	6,816
Segment Earnings	715	△122	43	636	△363	273	△190	82

(Notes) 1. The segment earnings or loss adjustment of △190 million JPY includes the deletion of inter-segment transactions of △99 million JPY, company-wide revenue of 190 million JPY, that is not distributed to each reporting segment, and company-wide cost of △282 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 Profits are adjusted in the operating income of the Consolidated Profit & Loss Statement.