

Consolidated Financial Results (Japanese Accounting Standards)

For the Second Quarter Ended 31 March 2022

10 May 2022

Company Name BEENOS Inc. Stock Exchange Listing Tokyo
 Stock Code 3328 URL <http://www.beenos.com>
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 Scheduled filing date of the Annual Securities Report 13 May 2022 Scheduled date of commencement of dividend payment —
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for Analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter Ended 31 March 2022

(1 October 2021 – 31 March 2022)

(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	%
2Q FY2022	13,994	12.6	513	△31.6	444	△39.3	266	△6.4
2Q FY2021	12,423	△13.0	751	△71.3	732	△71.9	284	△83.4

(Note) Comprehensive Income 2Q FY2022 702 Mil. yen (△28.9%) 2Q FY2021 988 Mil. yen (△38.4%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
2Q FY2022	21.12	20.03
2Q FY2021	22.32	20.92

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2Q FY2022	22,914	11,091	47.6	884.05
FY2021	21,797	11,395	51.7	883.49

(Reference) Shareholders' equity 2Q FY2022 10,907 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)

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

① Changes in accounting policies caused by revision of accounting standards : Yes

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)

2Q FY2022	13,335,995 Shares	FY2021	13,335,995 Shares
2Q FY2022	997,738 Shares	FY2021	590,935 Shares
2Q FY2022	12,625,133 Shares	2Q FY2021	12,769,350 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 "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 considerate of the various risks that could impact the Group such as the long-term effects of COVID-19 and the ripple effects of the Russian-Ukrainian conflict, particularly on oil prices, and will make all necessary countermeasures.

The highlights for the consolidated second 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, opened more stores for purchasing 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 recorded minimal sales on investment securities. 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. We have also entered the e-sports industry to increase the notoriety of the BEENOS Group and create more opportunities to synergize with businesses in the entertainment industry.

As a result, the consolidated net sales for 2Q were 13,994 million JPY (up 12.6% YoY), operating income was 513 million JPY (down 31.6% YoY), ordinary income was 444 million JPY (down 39.3% YoY) and net income attributable to owners of parent was 266 million JPY (down 6.4% YoY).

The consolidated GMV for 2Q FY2022 was 37.1 billion JPY (up 23.0% YoY).

The book value for our operational investment securities at the end of March 2022 was 5.2 Billion JPY. The market value has risen to 33.0 Billion JPY (book value as of September 2021 was 4.1 Billion JPY and market value was 20.4 Billion JPY). The main reason for the increase of the market value is due to the successful fundraising of multiple operational investment securities.¹

The achievements of each business segment are as follows.

① E-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). 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 had implemented an original international delivery service to Russia, which was one of our high-profile target regions, but have suspended operations given the current conflict between Russia and Ukraine. Shipments to Ukraine have also been suspended. Both countries contribute to less than 1% of From Japan's GMV thus its impact on the business is minimal. However, the increase in oil prices have increased shipping costs which has forced us to increase our international shipping rates. Though we are still able to provide the most competitive rates in the industry, we foresee continued pressure to raise shipping rates even further. China continues to restrict its users from accessing foreign

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.

websites which has affected our services, but its impact is limited as we have intentionally focused on the growth of other countries so that we would not be heavily dependent on China.

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. We have focused on the fortification of SEO and acquiring new users and have surpassed 1 million users on "Sekaimon."

As a result, the consolidated net sales for 2Q were 4,765 million JPY (up 24.2% YoY) and operating income was 1,554 million JPY (up 20.2% YoY).

li) Value Cycle Business

The Apparel Reuse Business has been focusing its resources on its partnerships with foreign platforms such as China's Cross Border EC behemoths "Tmall Global" and "JD Worldwide", Southeast Asia's "Shopee" in Malaysia and Germany's luxury watch marketplace "Chrono24" to boost foreign sales. As a result, the composition of foreign sales rose to 29.3% (composition was 24.4% at 1Q FY2022). On the other hand, 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 new stores to bring its total up to 11 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 wine increased overseas and we have been able to distribute the products overseas. JOYLAB also opened a new store with Brandear, carried out some promotions and have offered competitive purchasing bids to increase purchases.

As a result, the consolidated net sales for 2Q were 7,361 million JPY (up 28.5% YoY) and operating loss was 45 million JPY (operating income in 2Q FY2022 was 130 million JPY).

lii) Entertainment Business

The Entertainment Business continues to be affected by COVID-19 as live events were being limited in size and scale which led to a decrease in the sales of merchandise at live events. However, such limitations have been lifted as of 2Q and we anticipate large-scale live events to take place in the near future. We have improved the UI of the EC sites of the artists we are partnered with to create a scheme that will not be dependent on live events including new features for fans to purchase and enjoy and the operation fan club sites for artists to increase 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 2Q were 1,773 million JPY (down 36.0% YoY) and operating income was 84 million JPY (down 47.9% YoY).

For the E-Commerce Business as a whole, net sales were 13,900 million JPY (up 12.7% year on year) and operating income was 1,594 million JPY (up 0.4% 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. Indonesia's ride share and e-commerce conglomerate, GoTo Group, has been approved to IPO on the Indonesia Stock Exchange. India's NoBroker has also become a unicorn and now is one of India's leading companies in its sector. Casy Co., Ltd., a domestic investment that offers housekeeping services, also went public. Sales on investments were minimal 2Q FY2022, but we continue to plan to make sales when we

find the right opportunity.

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. We have continued to increase our portfolio with the addition of "Asobi Factory" operated by yomiuri-tv enterprise. 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.

We have also entered the e-sports industry through our newest subsidiary, BeenoStorm Inc., to increase the notoriety of the BEENOS Group among the digital native generation and to create synergy with businesses in the entertainment industry.

As a result, the consolidated net sales for 2Q were 322 million JPY (up 160.0% YoY) and operating loss was 653 million JPY (operating loss in 2Q FY2021 was 421 million JPY).

The book value for our operational investment securities at the end of March 2022 was 5.2 Billion JPY. The market value has risen to 33.0 Billion JPY (book value as of September 2021 was 4.1 Billion JPY and market value was 20.4 Billion JPY). The main reason for the increase of the market value is due to the successful fundraising of multiple operational investment securities. The GoTo Group listed on the Indonesia Stock Exchange on 11 April 2022. The market value is calculated based on their initial public offering price but the book value is still at the price of acquisition. The book value will become equivalent to the market value in 3Q. Furthermore, there is an 8 month lock up period for GoTo Group's shares so its impact on the financials for FY2022 is minimal.²

(2) Financial Status Report

① Financial Status Analysis

(i) Assets

Total assets at the end of the 2Q of the fiscal year under review increased 1,117 million JPY from the end of the previous fiscal year to 22,914 million JPY.

The breakdown shows that current assets totaled 18,934 million JPY, up 937 million JPY from the end of the previous fiscal year. The main factors behind this increase were an increase in operating investments in securities of 1,065 million JPY, an increase in accounts receivable of 686 million JPY, and a decrease in cash and deposits of 1,171 million JPY.

Total non-current assets were 3,980 million JPY, up 180 million JPY from the end of the previous fiscal year. This was mainly due to an increase in investment securities of 145 million JPY, buildings and structures of 65 million JPY, and a decrease in deferred tax assets of 91 million JPY.

(ii) Liabilities

Liabilities totaled 11,823 million JPY at the end of the 2Q, up 1,422 million JPY from the end of the previous fiscal year.

Total current liabilities stood at 10,055 million JPY, up 1,589 million JPY from the end of the previous fiscal year. This was mainly due to an increase of 1,400 million JPY in short-term loans payable and 934 million JPY in accounts payable-other, and a decrease of 725 million JPY in income taxes payable.

Total non-current liabilities were 1,768 million JPY, down 166 million JPY from the end of the previous fiscal year. Major components included an increase of 195 million JPY in long-term loans payable.

(iii) Net assets

² 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.

Net assets at the end of the 2Q of the current fiscal year decreased by 304 million JPY from the end of the previous fiscal year to 11,091 million JPY. This was mainly due to a decrease due to an increase of 747 million JPY in treasury shares and an increase of 369 million JPY in foreign currency translation adjustments.

(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.

We have decided to make the following adjustments to the forecast announced on 4 November 2021 after reviewing our business performance.

The reasoning behind the adjustments and the details are listed below.

[Global Commerce]

We have decided to make an upward revision in GMV, net sales and operating income for Global Commerce as we have been able to maintain a profitable monetizing scheme through the implementation of new shipping methods and charging fitting shipping rates to users despite the recent increase in international shipping. Furthermore, we believe that the depreciating yen will likely increase demand and unit prices by our foreign users. Our forecast is conservative on the lower range as uncertainty remains caused by the pressure to increase international shipping rates.

[Value Cycle]

We are making an upward revision in GMV and net sales in Value Cycle as pandemic related restrictions are easing up and foreign sales are gaining traction. However, the low-end of the range for the operating income has been lowered due to the gross profit rate being lower than we had anticipated at the beginning of the fiscal year and the delay in cutting costs.

[Entertainment]

We are making an upward revision in GMV, net sales and operating income for Entertainment as crowd size restrictions at live events continue to be lifted, showing potential for on-site merchandise sales as well as sales on EC platforms.

Revision to FY2022 E-Commerce Forecast

(Unit: billion JPY)

		Global Commerce	Value Cycle	Entertainment	E-Commerce Total
Previous (A)	GMV	48.0~53.0	14.5~16.0	6.4~8.5	68.9~77.5
	Net Sales	8.9~9.9	14.5~16.0	3.3~4.5	26.7~30.4
	Operating Income	2.9~3.6	0.25~0.35	0.07~0.20	3.22~4.15
Update (B)	GMV	50.0~55.0	15.0~16.0	8.0~10.0	73.0~81.0
	Net Sales	9.1~10.1	15.0~16.0	3.6~4.5	27.7~30.6
	Operating Income	3.0~3.6	0.15~0.35	0.10~0.20	3.25~4.15
Difference (B-A)	GMV	+2.0~+2.0	+0.5~0.0	+1.6~+1.5	+4.1~+3.5
	Net Sales	+0.2~+0.2	+0.5~0.0	+0.3~0.0	+1.0~+0.2
	Operating Income	+0.1~0.0	▲0.1~0.0	+0.03~0.00	+0.03~0.00
Percentage Change	GMV	+4.2%~+3.8%	+3.4%~0.0%	+25.0%~+17.6%	+6.0%~+4.5%
	Net Sales	+2.2%~+2.0%	+3.4%~0.0%	+9.1%~0.0%	+3.7%~+0.7%
	Operating Income	+3.4%~0.0%	▲40.0%~0.0%	+42.9%~0.0%	+0.9%~0.0%

(Reference) FY2021 Results

(Unit: billion JPY)

	Global Commerce	Value Cycle	Entertainment	E-Commerce Total
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. Quarterly Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million JPY)

	Year-end FY2021 (30 September 2021)	2Q FY2022 (31 March 2022)
Assets		
Current assets		
Cash and deposits	7,770	6,599
Notes and accounts receivable	677	972
Operational investment securities	4,181	5,246
Products	2,577	2,460
Accounts receivable	1,049	1,736
Other	1,745	1,930
Allowance for doubtful accounts	△5	△11
Total current assets	17,996	18,934
Fixed assets		
Tangible Assets		
Buildings and structures	647	713
Accumulated depreciation	△346	△365
Buildings and structures, net	300	347
Tools, materials and supplies	201	224
Accumulated depreciation	△149	△155
Tools, materials and supplies, net	51	68
Other	33	37
Accumulated depreciation	△8	△11
Other, net	24	26
Total tangible assets	377	442
Intangible assets		
Goodwill	264	212
Other	270	278
Total intangible assets	535	491
Investments etc.		
Deferred tax assets	234	142
Investment securities	2,336	2,481
Other	316	422
Total investments etc.	2,887	3,046
Total fixed assets	3,800	3,980
Total assets	21,797	22,914

(Unit: million JPY)

	Year-end FY2021 (30 September 2021)	2Q FY2022 (31 March 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	233	286
Short-term loan	1,600	3,000
Current portion of long-term loans payable	300	300
Accounts payable-other	3,589	4,523
Deposits received	1,074	898
Income taxes payable	935	209
Other	732	837
Total current liabilities	8,466	10,055
Fixed liabilities		
Long-term loans payable	1,737	1,542
Deferred tax liabilities	-	19
Asset retirement obligations	197	207
Total fixed liabilities	1,935	1,768
Total liabilities	10,401	11,823
Net assets		
Shareholders' equity		
Capital stock	2,775	2,775
Capital surplus	3,914	3,927
Retained earnings	5,900	5,845
Treasury Stock	△1,376	△2,123
Total shareholders' equity	11,214	10,426
Other accumulated comprehensive income		
Valuation difference on securities	△224	△158
Foreign currency translation adjustments	270	640
Total other accumulated comprehensive income	45	481
Share subscription rights	135	183
Total net assets	11,395	11,091
Total liabilities and net assets	21,797	22,914

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

Quarterly Consolidated Profit & Loss Statement
Consolidated Cumulative 2nd Quarter

(Unit: million JPY)

	2Q FY2021 (1 October 2020 – 31 March 2021)	2Q FY2022 (1 October 2021 – 31 March 2022)
Net sales	12,423	13,994
Cost of sales	6,193	7,797
Gross profit	6,230	6,196
Selling, general and administrative expenses	5,479	5,682
Operating income	751	513
Non-operating income		
Interest income	0	3
Foreign exchange gains	-	32
Subsidy income	49	1
Gain on investments in partnerships	-	23
Guarantee income	-	9
Other	24	22
Total non-operating income	74	93
Non-operating expenses		
Interest expenses	7	7
Equity in loss of affiliates	45	134
Foreign exchange losses	35	-
Commissions paid	0	5
Loss on investments in partnerships	5	-
Provision for allowance for doubtful accounts	-	6
Other	0	9
Total non-operating expenses	92	162
Ordinary income	732	444
Extraordinary income		
Dilution gain	-	73
Gain on sales of investment security	-	54
Gain on reversal of subscription rights to shares	0	4
Total extraordinary income	0	132
Extraordinary loss		
Loss on retirement of noncurrent assets	-	9
Total extraordinary loss	-	9
Income (△) before income taxes and minority interests	733	567
Income taxes	796	238
Income taxes-deferred	△348	62
Total income taxes	448	300
Income before income	284	266
Net profit attributable to owners of parent	284	266

Quarterly Consolidated Statement of Comprehensive Income
 Consolidated Cumulative 2nd Quarter

(Unit: million JPY)

	2Q FY2021 (1 October 2020 – 31 March 2021)	2Q FY2022 (1 October 2021 – 31 March 2022)
Income before income	284	266
Other comprehensive income		
Valuation difference on securities	502	65
Foreign currency translation adjustments	195	360
Share of other comprehensive (loss) income in associates	4	9
Total other comprehensive income	703	435
Quarterly Comprehensive income	988	702
(Breakdown)		
Comprehensive income attributable to owners of parent	988	702
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: million JPY)

	2Q FY2021 (1 October 2020 – 31 March 2021)	2Q FY2022 (1 October 2021 – 31 March 2022)
Net cash provided by (used in) operating activities		
Income (△) before income taxes and minority interests	733	567
Depreciation and amortization	66	92
Amortization of goodwill	52	52
Increase in allowance for doubtful accounts (Decrease:△)	-	6
Stock-based Compensation Expense	76	102
Interest and dividends income	△0	△3
Interest expenses	7	7
Foreign exchange losses (Gains:△)	0	△0
Loss (profit/loss) on sales of marketable equity securities (△: gain)	-	△54
Equity in losses of affiliates (Gains:△)	45	134
Loss on investments in partnership (Gains:△)	5	△23
Profit/loss (loss) on change in equity (△: gain)	-	△73
Gain on reversal of subscription rights to shares	△0	△4
Loss on retirement of noncurrent assets	-	9
Decrease in notes and accounts receivable-trade (Increase:△)	663	△273
Increase in operational investment securities (Increase: △)	△136	△777
Decrease in inventory taking (Increase:△)	△161	116
Increase (decrease) in accounts receivable-other (△ increased)	659	△679
Increase in notes and accounts payable-trade (Decrease:△)	△41	61
Increase in accounts payable-other (Decrease: △)	337	949
Increase in deposits received (Decrease:△)	△1,007	10
Increase in consumption taxes payable (Decrease:△)	△118	△17
Other	△261	238
Subtotal	920	440
Interest and dividend received	0	3
Interest expenses paid	△7	△8
Income taxes refunded	69	5
Income taxes paid	△1,133	△1,107
Net cash provided by (used in) operating activities	△150	△666
Cash flow from investing activities		
Purchase of property, plant and equipment	△51	△127
Purchase of intangible assets	△94	△65
Purchase of investment securities	△54	△151
Proceeds from sale of investment securities	-	59
Payments for lease and guarantee deposits	△24	△51
Proceeds from collection of lease and guarantee deposits	-	6
Proceeds from distributions from investment partnerships	6	30
Other	0	△3
Cash flow from investing activities	△217	△300

(Unit: million JPY)

	2Q FY2021 (1 October 2020 – 31 March 2021)	2Q FY2022 (1 October 2021 – 31 March 2022)
Cash flow from financing activities		
Increase in short-term loans payable (Decrease:△)	-	1,400
Repayment of long-term loans payable	△150	△195
Purchase of treasury stock	△5	△903
Sales of treasury stock	-	44
Proceeds from exercise of stock options	372	4
Cash dividends paid	△251	△320
Cash flow from financing activities	△34	29
Effect of exchange rate change on cash and cash equivalents	68	43
Net increase in cash and cash equivalents(Decrease:△)	△334	△895
Cash and cash equivalents at the beginning of the year	10,220	8,141
Cash and cash equivalents	9,885	7,245

(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

(Changes in Accounting Policy)

(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 2Q 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.)

[Segment Information]

I Previous Consolidated Cumulative 2nd Quarter(1 October 2019 – 31 March 2020)

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

(Unit: million 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	3,833	5,728	2,771	12,333	90	12,423	—	
Internal Sales or Transfer Between Segment	4	0	0	5	33	39	△39	
Total	3,838	5,728	2,772	12,339	123	12,463	△39	
Segment Earnings	1,293	130	162	1,587	△421	1,165	△414	

(Note) 1. The segment earnings or loss adjustment of △414 Million JPY includes the deletion of inter-segment

transactions of 1,553 Million JPY, company-wide revenue of 178 Million JPY, that is not distributed to each reporting segment, and company-wide cost of △595 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 2nd Quarter (1 October 2020 – 31 March 2021)

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

(Unit: million JPY)

	Reporting Segment						Adjustments (Note) 2	Recorded Amount on Quarterly Consolidated Profit & Loss Statement (Note) 3
	E-Commerce Business				Incubation Business	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal				
Net Sales								
Sales from contracts with customers	4,758	7,188	1,773	13,720	205	13,925	-	13,925
Other sales (Note)1	-	-	-	-	68	68	-	68
Sales to Customer	4,758	7,188	1,773	13,720	273	13,994	-	13,994
Internal Sales or Transfer Between Segment	7	172	0	179	48	228	△228	-
Total	4,765	7,361	1,773	13,900	322	14,222	△228	13,994
Segment Earnings	1,554	△45	84	1,594	△653	940	△426	513

(Note) 1. Other sales include sales from operational investment securities as defined by "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10)

2. The segment earnings or loss adjustment of △426 Million JPY includes the deletion of inter-segment transactions of △426 Million JPY, company-wide revenue of 582 Million JPY, that is not distributed to each reporting segment, and company-wide cost of △606 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.

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

2. Notes regarding changes in reporting segments

The calculation for the Reporting Segment has changed in accordance with the changes in accounting methods due to the application of the standards from revenue recognition beginning FY2022 as stated in the Changes in Accounting Policy/

The changes have no effect on the net sales or earnings/losses in the reporting period for 2Q FY2022.

(Revenue Recognition)

Information regarding the breakdown of revenue from contracts with customers is as stated in the Notes of the Segment Information, etc.

(Important subsequent events)

(Important event pertaining investments)

PT GoTo Gojek Tokopedia Tbk (GoTo Group), an investment of the BEENOS Group, publicly listed on the Main Board of the Indonesia Stock Exchange (IDX) on 11 April 2022.

1. About the IPO of the GoTo Group

The GoTo Group listed on the Main Board of IDX on 11 April 2022 opening at IDR 400. The BEENOS Group holds about 0.3% of the GoTo Group's shares.

2. About the probable increase of consolidated net assets

BEENOS's book value of the GoTo Group will change from its acquisition price to its market value now that it is publicly listed. When calculating at its opening price (IDR 400), the consolidated total assets is expected to increase by JPY 12.3 billion. Consolidated net assets will increase by JPY 8.5 billion and liabilities (deferred tax liabilities) will increase by JPY 3.7 billion when accounting for tax effects. There will be no impact on the profit and loss statement as BEENOS complies records its finances under the Japanese accounting standards.

*FX Rate calculation IDR 1 = JPY 0.0087

3. Outlook for FY2022

The actual increase of consolidated net assets may change due to the change in share prices as well as the fluctuation of foreign exchange rates. BEENOS will disclose any major changes that warrant a disclosure in a timely manner. The shares of the GoTo Group are locked up for 8 months for existing shareholders and its impact on BEENOS's financials for FY2022 is minimal.