

Consolidated Financial Results (Japanese Accounting Standards)

For the Fiscal Year Ended 30 September 2022

8 November 2022

Company Name BEENOS Inc. Stock Exchange Listing Tokyo
 Stock Code 3328 URL <http://www.beenos.com>
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 Scheduled date of the Annual General Meeting of Shareholders 16DEC2022 Scheduled date of commencement of dividend payment 2DEC2022
 Scheduled filing date of the Annual Securities Report: 16DEC2022
 Supplementary documents for annual results: Yes
 Quarterly results briefing: Yes

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended 30 September 2022 (1OCT2021 – 30SEP2022)

(1) Consolidated Results of Operations (Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022	29,846	△19.3	328	△80.5	212	△87.1	△211	—
FY2021	25,008	△3.3	1,685	△50.1	1,645	△49.9	690	△63.5

(Note) Comprehensive Income FY2022 7,583 Mil. yen (682.9%) FY2021 968 Mil. yen (△46.3%)

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Return on assets	Operating income margin
	Yen	Yen	%		%
FY2022	△16.98	—	△1.5	0.8	1.1
FY2021	53.99	50.48	6.2	7.3	6.7

(Reference) Equity in earnings FY2022 △287 Million yen FY2021 △93 Million yen
 (Note)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022	33,909	18,001	52.5	1,443.65
FY2021	21,797	11,395	51.7	883.49

(Reference) Shareholders' equity FY2022 17,803 Million yen FY2021 11,260 Million yen

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2022	1,572	△583	671	10,019
FY2021	△552	△689	△904	8,141

2. Dividends

	Dividend per share					Amount of dividends (Total)	Dividend ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	Yen
FY2021	—	0.00	—	25.00	25.00	321	46.3	2.8
FY2022	—	0.00	—	25.00	25.00	309	—	2.1
FY2023 (Forecast)	—	—	—	—	—		—	

(Note) 1. Changes in recently announced dividends forecast: Yes

2. Dividends for FY2023 is TBD

3. Consolidated Forecasts for the Fiscal Year Ending 30 September 2023

(1 October 2022 – 30 September 2023)

(Percentage figures for the fiscal year represent the changes from the previous year)

Year ending	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	33,120	11.0	4,500	—	4,200	—	2,580	—	209.20

※ 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 : Yes

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)

FY2022	13,335,995 Shares	FY2021	13,335,995 Shares
FY2022	1,003,874 Shares	FY2021	590,935 Shares
FY2022	12,472,011 Shares	FY2021	12,794,725 Shares

② Number of treasury shares at end of period

③ Average number of shares outstanding during the term

Note: The 58,800 shares owned by the Trust-type Employee Stock Ownership Incentive Plan (E-Ship) are included in the number of treasury shares at end of period.

※ 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

(Cautionary Statement with Respect to Forward-Looking Statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to us and certain assumptions that we believe to be reasonable.

It is not intended to guarantee that we will achieve our goals. Actual results may differ materially from the forecast depending on a range of factors.

(Changes in Monetary Units)

Items and other items presented in our quarterly consolidated financial statements were previously stated in thousands of yen, but from the 1Q of the consolidated fiscal year under review.

And it has been changed to be stated on a per million JPY basis. The figures for the previous fiscal year have also been changed to units of million JPY.

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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 connect Japan with the world to create new standards and possibilities for people, products and experiences in the global commerce market.

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 E-Commerce platform, Groobee, to drive the DX of the entertainment industry" in the Entertainment Business. Various risks have impacted 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 we will continue to be cautious of external circumstances and will make all necessary countermeasures.

The highlights for the consolidated fiscal year are as follows. Global Commerce increased our share of the market by implementing cheaper shipping options to focal countries/regions 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 and losses were recorded as a few investments booked impaired losses due to not meeting their expected forecasts due to a pivot in business model and down rounded fundraising. 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 FY2022 were 29,846 million JPY (up 19.3% YoY), operating income was 328 million JPY (down 80.5% YoY), ordinary income was 212 million JPY (down 87.1% YoY) and net losses attributable to owners of parent was 211 million JPY (net income attributable to owners of parent in FY2021 was 690 million JPY).

The consolidated GMV for FY2022 was 80.7 billion JPY (up 25.9% YoY).

The book value for our operational investment securities at the end of September 2022 was 12.8 billion JPY (book value in June 2022 was 17.7 billion JPY). The market value at the end of September 2022 has fallen to 30.0 billion JPY (market value as of March 2022 33.0 billion JPY). The main reason for the decrease of the market value is due to the decrease in share prices of public shares and down rounded 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 as well as a flat rate international shipping service for heavy users. Sales also increased as demand rose as a result of the depreciation of the Japanese yen. We had implemented an original international delivery service to Russia, which was one of our high-profile target regions, but have suspended shipping to both Russia and Ukraine given the current conflict between the two countries. Both countries contribute to less than 1% of From Japan's GMV thus its impact on the business is

¹ The market value is calculated semi-annually at the end of March and September. Refer to footnote 2 in the Incubation Business for the calculation logic.

minimal. However, the increase in oil prices have increased shipping costs which has forced us to increase our international shipping rates. China continues to restrict its users from accessing foreign 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. We have abolished the installment and monthly fees for "Buyee Connect", a service for Japanese EC sites to enable international shipping by adding a set of tags to their website, in June 2022. This significantly reduced the barrier to entry for Japanese companies to begin their global penetration. The number of companies that we support continues to increase with companies such as "Creema", a hand-made marketplace operated by CREEMA LTD., among the new additions in 4Q.

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." However, the rapid depreciation of the Japanese yen has decreased the demand for users that use the service to buy items from abroad at a lower rate which has impaired sales.

As a result, the consolidated net sales for FY2022 were 10,065 million JPY (up 21.5% YoY) and operating income was 3,335 million JPY (up 18.6% YoY).

Ii) 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", Southeast Asia's "Shopee" in Malaysia and Germany's luxury watch marketplace "Chrono24" to boost foreign sales. Such partnerships, along with the price benefits resulting from the depreciation of the yen, resulted in the composition of foreign sales rising to 45.8% (composition was 40.9% at 3Q FY2022). We have also worked on the domestic front by opening a store on "Rakuma", a flea market app operated by the Rakuten Group, Inc. The purchasing side has done well as Brandear opened new stores to bring its total up to 12 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. We have also partnered with Telecube Services Co., Ltd. to make Brandear Bell available inside Telecube's private working spaces that are available in over 120 locations throughout Japan.

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. Furthermore, the total registered assets on the appraisal and asset management app "MyCellar" has surpassed 150 million JPY which shows the increase in recognition to manage liquor as assets. 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 FY2022 were 15,080 million JPY (up 25.4% YoY) and operating income was 199 million JPY (up 192.5% YoY).

Iii) 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 large-scale live events have resumed which has increased sales of merchandise at event venues. 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 has been able to boost the recognition of Lavisia's Pokemon, Case Closed (Detective Conan), Chiikawa, Sanrio and Kirby cosmetic products, our in-house brand, which had led to an increase in sales.

As a result, the consolidated net sales for FY2022 were 4,124 million JPY (down 1.0% YoY) and operating income was 129 million JPY (down 22.6% YoY). Though GMV rose by 10.4% YoY, the increase of commissioned merchandise has led to a decrease in sales.

For the E-Commerce Business as a whole, net sales were 29,270 million JPY (up 19.6% YoY) and operating income was 3,665 million JPY (up 20.3% YoY).

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. Indonesia's ride share and e-commerce conglomerate, GoTo Group went public on the Indonesia Stock Exchange in April 2022. India's NoBroker has also become a unicorn and now is one of India's leading companies in its sector. Droom, one of India's largest online vehicle marketplaces, had filed for an IPO in November 2021 but has withdrawn its application in October 2022 due to the current status of the Indian and global markets not being suitable for tech IPOs. Casy Co., Ltd., a domestic investment that offers housekeeping services, went public onto TSE Mothers (currently TSE Growth) in February 2022 and has increased its corporate value. On the other hand we have had a few investments that have had to pivot business models which led to them failing to meet forecasts as well as other investments that have conducted down rounded fundraising which has led to the booking of impaired losses on investments.

Sales of investments this fiscal year were minimal, but the investment payout phase will begin in FY2023 as our policy is to continually sell off investment securities to offset the losses accrued by new businesses and corporate headquarter costs.

Groobee, our entertainment industry-based platform, of our Start-up Business has started to support the sales of "MAILIVIS", an online store selling merchandise for artists and entertainers, and operate EDITH ONLINE, in partnership with EDITH inc., to produce and sell merchandise for popular anime and games. It has surpassed 50 orders to prepare websites since its launch in January 2021. The support of Japanese companies entering Asian marketplaces has continued to grow with BOOKOFF's EC store now being available on Shopee in Taiwan, Thailand and Malaysia. TOHO Co., Ltd.'s popular character, Godzilla, has created a flagship store on China's largest cross border EC platform "Tmall Global." We provide a one-stop service that includes support for foreign listing, customer support, international shipping logistics and payment logistics.

We have also entered the e-sports industry in January 2022 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 FY2022 were 1,035 million JPY (up 35.9% YoY) and operating loss was 2,473 million JPY (operating loss in FY2021 was 494 million JPY).

The book value for our operational investment securities at the end of September 2022 was 12.8 billion JPY (book value as of June 2022 was 17.7 billion JPY). The market value has fallen to 30.0 billion JPY (market value as of March 2022 was 33.0 billion JPY). The main reason for the decrease of the market value is due to the decrease in share prices of public shares and down rounded fundraising of multiple unlisted operational investment securities (marked down in book value).²

(2) Financial Status Report

① Financial Status Analysis

Assets

Total assets at the end of the fiscal year under review increased by 12.112 billion JPY from the end of the previous fiscal year to 33.909 billion JPY.

Total current assets amounted to 29.713 billion JPY, an increase of 11.716 billion JPY from the end of the

² The market value of investments is calculated semi-annually at the end of March and September. 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.

previous fiscal year. This was mainly due to an increase of 8.689 billion JPY in operational investment securities (an increase of 8.374 billion JPY due to the listing of an investee), income taxes receivable included in other, and cash and deposits of 766 million JPY and 1.781 billion JPY, respectively.

Total non-current assets were 4.196 billion JPY, an increase of 396 million JPY from the end of the previous fiscal year. This was mainly due to an increase of 405 million JPY in investment securities and a decrease of 180 million JPY in deferred tax assets.

Liabilities

Total liabilities at the end of the fiscal year under review increased by 5.506 billion JPY from the end of the previous fiscal year to 15.908 billion JPY.

Total current liabilities were 13.415 billion JPY, an increase of 4.948 billion JPY from the end of the previous fiscal year. The main factors were an increase of 1.95 billion JPY in short-term loans payable, accounts payable-other of 1.87 billion JPY, deposits received of 867 million JPY, and a decrease of 657 million JPY in income taxes payable.

Total non-current liabilities were 2.493 billion JPY, an increase of 558 million JPY from the end of the previous fiscal year. This was mainly due to an increase of 1.21 billion JPY in deferred tax liabilities (an increase of 1.465 billion JPY due to the listing of an investee company) and a decrease of 689 million JPY in long-term loans payable.

Net assets

Total net assets at the end of the fiscal year under review increased by 6.605 billion JPY from the end of the previous fiscal year to 18.001 billion JPY. This was mainly due to a 6.845 billion JPY valuation difference on available-for-sale securities (an increase of 6.894 billion JPY due to the listing of an investee), an increase of 949 million JPY in foreign currency translation adjustment, and an increase of 730 million JPY in treasury stock.

(3) Cash Flow Report

Cash and cash equivalents (hereinafter referred to as "funds") for the fiscal year under review increased by 1.878 billion JPY from the previous fiscal year to 10.019 billion JPY.

The status of each cash flow for the fiscal year under review and their factors are as follows.

(Net cash provided by (used in) operating activities)

During the fiscal year under review, net cash provided by operating activities was 1.572 billion JPY (compared with a decrease of 552 million JPY in the previous fiscal year). Major contributing positive factors included an increase of 1.861 billion JPY in accounts payable-other, an increase of 442 million JPY in deposits received, and an increase of 421 million JPY due to the recording of income before income taxes. Major contributing negative factors included income taxes paid of 1.641 billion JPY.

(Net cash provided by investment activities)

Net cash used in investing activities was 583 million JPY (compared with 689 million JPY used in the previous fiscal year). Major outflows included purchases of investment securities of 298 million JPY and purchases of intangible assets of 161 million JPY.

(Cash flow from financing activities)

During the fiscal year under review, net cash provided by financing activities was 671 million JPY (compared with a decrease of 904 million JPY in the previous fiscal year). The main factors contributing to this increase were proceeds from short-term loans payable of 1.95 billion JPY, and the main factor contributing to the decrease was purchase of treasury stock of 969 million JPY.

The trend of the Group's cash flow indicators is as follows.

	FY2018	FY2019	FY2020	FY2021	FY2022
Capital Ratio (%)	52.4	45.3	48.3	51.7	52.5
Market Value based Capital Ratio (%)	148.7	79.1	98.5	185.4	84.8
Years of Debt Redemption	-	-	0.6	-	3.5
Interest Coverage Ratio	-	-	554.9	-	92.9

Capital Ratio: Capital/Total Assets

Market Value based Capital Ratio: Market Cap/Total Assets

Years of Debt Redemption: Debt with Interest/Cash Flow

Interest Coverage Ratio: Operating Cash Flow/Interest Payment

(Note) 1. All figures are calculated on a consolidated basis

2. Market Cap excludes treasury stocks

3. All debts with interest include the interest of all debts listed on the consolidated balance sheet

4. The years of debt redemption and interest coverage rate for FY2018, FY2019 and FY2021 are not calculated because operating cash flow was negative

(4) Explanation of Outlook for the Future

We have refrained from disclosing our consolidated forecast in years past as we had determined that it was not logical to forecast the timing and amount of sales of operational investment securities in the Incubation Business and that we needed to be flexible regarding the timing and amount we plan to invest in our new businesses. However, we have disclosed that our policy regarding sales of investments will cover the funding for incubating new businesses and corporate headquarter costs, we will announce the following consolidated forecast for FY2023.

As we are planning to change the segment divisions in FY2023, the forecast will reflect the new segments.

(Unit: billion JPY)

	E-Commerce Business			Incubation	Other Businesses	Consolidated
	Global Commerce	Value Cycle	Entertainment			
GMV	70.0	16.0	14.0	-	1.8	101.8
YoY	+28.3%	+6.1%	+40.8%	-	+48.0%	+26.0%
Net Sales	12.7	16.0	1.2	2.5	0.62	33.1
YoY	+25.9%	+6.1%	-69.8%	+742.4%	-24.9%	+11.0%
Segment Income	4.00	0.40	0.10	2.15	▲1.00	4.50
YoY	+20.9%	+100.3%	-	-	-	+1,269.3%
(Reference) FY2022 Results						
GMV	54.5	15.0	9.9	-	1.2	80.7
Net Sales	10.1	15.0	4.2	0.2	0.8	29.8
Segment Income	3.30	0.19	▲0.30	▲0.96	▲0.97	0.32

Note: Comparisons to FY2022 figures reflect the scheduled changes in segments in FY2023

① Global Commerce

We aim to increase GMV as we continue to support domestic EC's with their foreign penetration while creating more shipping methods for more countries and regions and improving our services. We project that the foreign exchange rate will range between 135 and 145 JPY and that the continued depreciation of the yen will increase demand. The increase of crude oil prices could subsequently raise foreign shipping costs, but we do not see current events posing any imminent threat towards international shipping networks. The fashion centered cross border EC service, FASBEE, is scheduled to move into this segment in FY2023.

② Value Cycle

The apparel reuse business will continue to strengthen the promotion of its online purchasing service, "Brandear Bell" while continuing to increase foreign and domestic sales. The liquor mediation service will be aiming to increase sales both domestic and overseas through promotions and improving its services. Both businesses will continue to open brick and mortar stores to increase purchases.

③ Entertainment

The Entertainment centered EC platform business, Groobee, is scheduled to be included into this segment beginning in FY2023. This segment will increase its GMV as Groobee continues to acquire more partners. Net sales are expected to decrease as the scheme of the sales for the merchandise of one of our major artists will be changing. However, this will not affect GMV or the bottom line. Risks of cancellation of events due to COVID-19 are not considered in this forecast.

④ Incubation Business

This segment will only include the Investment and Consultation Business and will be selling investments to offset the fixed costs and impairment losses in this segment as well as the costs needed to invest in new businesses and the cost of corporate headquarters.

⑤ Other Businesses

The Cross Border EC Assistance Business has experienced some setbacks since its inception but we will continue to use our resources to expound upon this business. The Travel Business is expected to see a boost in sales as inbound travel to Japan, without restrictions, has resumed. Risks of limited entry due to the spread of COVID-19 are not considered in this forecast.

(5) Basic Policy of Distribution of Profits and Dividends for FY2022 and FY2023

We hold our profit return policy in high regards to give back to shareholders by expanding our business foundation and progressing our financial ground.

Our business is mainly divided between the E-Commerce Business and the Incubation Business. The Incubation Business in particular is extremely volatile as it depends on the opportunity to monetize our operational investment securities. As such, we will be basing our dividend policy on the profits in our more consistent E-Commerce Business and use the proceeds from the Incubation Business towards other profit reduction methods such as share repurchases as we monitor our share prices.

As for this fiscal year's dividends, given our financial results, financial soundness and the internal reserve for the furtherment of our business, we plan to set the dividends at 25 JPY per share. This is scheduled to be resolved in our Board Meeting to be held on 24 November 2022.

Our dividend forecast for FY2023 is to be determined, but it is not scheduled to change the policy that has been listed.

Companies subject to BEENOS is a Consolidated Dividends Regulations

2. Basic Policy for the Selection of Accounting Standards

We have chosen to use Japanese Accounting Standards as it is easier to compare fiscal periods and finances between companies/subsidiaries.

We will appropriately review the application of the International Financial Reporting Standards (IFRS) upon taking into consideration domestic and international situations.

3.Consolidated Financial Statements and Major Notes

(1)Consolidated Balance Sheets

(Unit: million JPY)

	FY2021 (30 September 2021)	FY2022 (30 September 2022)
Assets		
Current assets		
Cash and deposits	7,770	9,551
Notes and accounts receivable	677	911
Operational investment securities	4,181	12,870
Products	2,577	2,225
Accounts receivable	1,049	1,257
Other	1,745	2,912
Allowance for doubtful accounts	△5	△16
Total current assets	17,996	29,713
Fixed assets		
Tangible Assets		
Buildings and structures	647	730
Accumulated depreciation	△346	△394
Buildings and structures, net	300	335
Tools, materials and supplies	201	242
Accumulated depreciation	△149	△172
Tools, materials and supplies, net	51	69
Other	33	38
Accumulated depreciation	△8	△15
Other, net	24	23
Total tangible assets	377	428
Intangible assets		
Goodwill	264	160
Software	269	318
Other	1	0
Total intangible assets	535	479
Investments etc.		
Investment securities	2,336	2,741
Deferred tax assets	234	54
Other	316	492
Total investments etc.	2,887	3,287
Total fixed assets	3,800	4,196
Total assets	21,797	33,909

(Unit: million JPY)

	FY2021 (30 September 2021)	FY2022 (30 September 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	233	373
Short-term loan	1,600	3,550
Current portion of long-term loans payable	300	900
Accounts payable-other	3,589	5,459
Deposits received	1,074	1,942
Income taxes payable	935	277
Other	732	911
Total current liabilities	8,466	13,415
Fixed liabilities		
Long-term loans payable	1,737	1,048
Deferred tax liabilities	-	1,210
Asset retirement obligations	197	212
Other	-	22
Total fixed liabilities	1,935	2,493
Total liabilities	10,401	15,908
Net assets		
Shareholders' equity		
Capital stock	2,775	2,775
Capital surplus	3,914	3,925
Retained earnings	5,900	5,367
Treasury Stock	△1,376	△2,107
Total shareholders' equity	11,214	9,962
Other accumulated comprehensive income		
Valuation difference on securities	△224	6,620
Foreign currency translation adjustments	270	1,220
Total other accumulated comprehensive income	45	7,841
Share subscription rights	135	198
Total net assets	11,395	18,001
Total liabilities and net assets	21,797	33,909

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

(Unit: million JPY)

	FY 2021 (1 October 2020~ 30 September 2021)	FY 2022 (1 October 2021~ 30 September 2022)
Net sales	25,008	29,846
Cost of sales	12,667	17,856
Gross profit	12,340	11,989
Selling, general and administrative expenses	10,655	11,661
Operating income	1,685	328
Non-operating income		
Interest income	0	5
Foreign exchange gains	-	180
Gain on investments in partnerships	24	-
Subsidy income	54	4
Surrender value of insurance	14	-
Guarantee income	7	18
Other	53	62
Total non-operating income	154	271
Non-operating expenses		
Interest expenses	14	16
Equity in loss of affiliates	93	287
Foreign exchange losses	71	-
Commissions paid	4	5
Loss on investments in partnerships	-	7
Provision for allowance for doubtful accounts	-	11
Other	9	57
Total non-operating expenses	193	387
Ordinary income	1,645	212
Extraordinary income		
Dilution gain	-	129
Gain on sales of investment security	-	54
Gain on sales of businesses	-	34
Gain on reversal of subscription rights to shares	1	5
Total extraordinary income	1	224
Extraordinary loss		
Impairment loss	4	-
Loss on retirement of noncurrent assets	6	15
Total extraordinary loss	11	15
Income before income taxes	1,635	421
Income taxes	1,334	767
Income taxes-deferred	△389	△134
Total income taxes	944	633
Net income (△)	690	△211
Net income attributable to owners of the parent or net loss (△) attributable to owners of the parent	690	△211

Consolidated Statements of Comprehensive Income

(Unit: million JPY)

	FY 2021 (1 October 2020~ 30 September 2021)	FY 2022 (1 October 2021~ 30 September 2022)
Net income (△)	690	△211
Other comprehensive income		
Valuation difference on securities	61	6,845
Foreign currency translation adjustments	211	919
Share of other comprehensive (loss) income in associates	5	29
Total other comprehensive income	277	7,795
Comprehensive income	968	7,583
(Breakdown)		
Comprehensive profit attributable to owners of the parent	968	7,583
Comprehensive income attributable to non-controlling shareholders	-	-

(3) Statement of Changes in Net Assets

For FY2021 (1 October 2020 to 30 September 2021)

(Unit: million JPY)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury Stock	Total shareholders' equity
Opening balance	2,775	3,903	5,462	△778	11,363
Change during the year					
Dividend of surplus			△252		△252
Profit attributable to owners of parent			690		690
Purchase of treasury stock				△1,175	△1,175
Disposal of treasury stock		10		578	588
Net change in items other than shareholders' equity					-
Total changes during the period	-	10	438	△597	△148
Closing balance	2,775	3,914	5,900	△1,376	11,214

	Other accumulated comprehensive income			Share subscription rights	Total net assets
	Securities Valuation	Foreign currency translation adjustments	Other comprehensive income Total		
Opening balance	△286	53	△232	79	11,210
Change during the year					
Dividend of surplus					△252
Profit attributable to owners of parent					690
Purchase of treasury stock					△1,175
Disposal of treasury stock					588
Net change in items other than shareholders' equity	61	216	277	56	334
Total changes during the period	61	216	277	56	185
Closing balance	△224	270	45	135	11,395

For FY2022 (1 October 2021 to 30 September 2022)

(Unit: million JPY)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury Stock	Total shareholders' equity
Opening balance	2,775	3,914	5,900	△1,376	11,214
Change during the year					
Dividend of surplus			△321		△321
Net loss (△) attributable to owners of parent			△211		△211
Purchase of treasury stock				△969	△969
Disposal of treasury stock		11		238	250
Net change in items other than shareholders' equity					-
Total changes during the period	-	11	△532	△730	△1,252
Closing balance	2,775	3,925	5,367	△2,107	9,962

	Other accumulated comprehensive income			Share subscription rights	Total net assets
	Securities Valuation	Foreign currency translation adjustments	Other comprehensive income Total		
Opening balance	△224	270	45	135	11,395
Change during the year					
Dividend of surplus					△321
Net loss (△) attributable to owners of parent					△211
Purchase of treasury stock					△969
Disposal of treasury stock					250
Net change in items other than shareholders' equity	6,845	949	7,795	62	7,857
Total changes during the period	6,845	949	7,795	62	6,605
Closing balance	6,620	1,220	7,841	198	18,001

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2021 (1 October 2020~ 30 September 2021)	FY 2022 (1 October 2021~ 30 September 2022)
Net cash provided by (used in) operating activities		
Income before income taxes	1,635	421
Depreciation and amortization	148	195
Impairment loss	4	-
Amortization of goodwill	105	105
Stock-based Compensation Expense	162	169
Increase in allowance for doubtful accounts (Decrease:△)	-	11
Interest and dividends income	△0	△5
Interest expenses	14	16
Foreign exchange losses (Gains:△)	20	△2
Loss (profit/loss) on sales of marketable equity securities (△: gain)	-	△54
Equity in losses of affiliates (Gains:△)	93	287
Loss on investments in partnership (Gains:△)	△24	7
Profit/loss (loss) on change in equity (△: gain)	-	△129
Gain on reversal of subscription rights to shares	△1	△5
Loss on retirement of noncurrent assets	6	15
Surrender value of insurance	△14	-
Decrease in notes and accounts receivable- trade (Increase:△)	537	△24
Increase in operational investment securities (Increase: △)	△65	△49
Decrease in inventory taking (Increase:△)	△1,022	353
Increase (decrease) in accounts receivable- other (△ increased)	1,053	△174
Increase in notes and accounts payable-trade (Decrease:△)	△117	148
Increase in accounts payable-other (Decrease: △)	183	1,861
Increase in deposits received (Decrease:△)	△1,156	442
Increase in consumption taxes payable (Decrease:△)	△95	△12
Other	△673	△358
Subtotal	795	3,218
Interest and dividend received	0	7
Interest expenses paid	△13	△16
Income taxes refunded	58	5
Income taxes paid	△1,393	△1,641
Net cash provided by (used in) operating activities	△552	1,572
Cash flow from investing activities		
Purchase of property, plant and equipment	△84	△157
Purchase of intangible assets	△186	△161
Purchase of investment securities	△585	△298
Proceeds from sale of investment securities	-	59
Proceeds from cancellation of insurance funds	178	-
Payments for lease and guarantee deposits	△62	△87
Proceeds from collection of lease and guarantee deposits	8	28
Proceeds from distributions from investment partnerships	53	35
Other	△11	△3
Cash flow from investing activities	△689	△583

(Unit: million JPY)

	FY 2021 (1 October 2020~ 30 September 2021)	FY 2022 (1 October 2021~ 30 September 2022)
Cash flow from financing activities		
Increase in short-term loans payable (Decrease:△)	-	1,950
Proceeds from long-term debt	369	300
Repayment of long-term loans payable	△331	△389
Proceeds from exercise of stock options	452	11
Purchase of treasury stock	△1,175	△969
Sales of treasury stock	31	89
Cash dividends paid	△251	△320
Cash flow from financing activities	△904	671
Effect of exchange rate change on cash and cash equivalents	67	218
Net increase in cash and cash equivalents(Decrease:△)	△2,079	1,878
Cash and cash equivalents at the beginning of the year	10,220	8,141
Cash and cash equivalents at the year-end	8,141	10,019

(5) Notes on Consolidated Financial Statements

(Notes regarding the premise of on-going concerns)

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 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.

(Additional Information)

(Application of Tax Effect Accounting for Transition from Consolidated Tax Payment System to Group Computation System)

From the following fiscal year, we and our domestic consolidated subsidiaries will shift from the consolidated taxation system to the group-wide system. However, items for which the non-consolidated taxation system was reviewed in conjunction with the transition to the group-wide taxation system and the transition to the group-wide taxation system established in the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020) were not subject to the provisions of paragraph 44 of the "Implementation Guidance on Accounting Standard for Tax Effect" (ASBJ Guidance No. 28, 16 February 2018) in accordance with the treatment of paragraph 3 of the "Treatment Concerning Application of Tax Effect Accounting for Transition from Consolidated Tax Payment System to Group-wide Accounting System" (Practical Issues Task Force No. 39, 31 March 2020), and the amount of deferred tax assets and deferred tax liabilities was based on the provisions of the tax law before the revision.

From the beginning of the following consolidated fiscal year, the Company plans to apply the "Accounting and Disclosure Treatment for Application of the Group Closing System" (ASBJ Practical Issues Task Force No. 42, 12 August 2021), which stipulates the accounting and disclosure treatment for corporate income taxes, local income taxes, and tax effect accounting in the case of application of the Group Closing System.

(Segment Information)

1. Overview of Reportable Segments

Selection of Reportable Segment

The Company's reportable segments are possible to separately acquire financial information among the Company's

structural units and are subject to reviews that are carried out periodically to make a decision of allocations of management resources and to evaluate performance by the board of directors.

The Company consists of segments classified by each business territory and E-Commerce Business and Incubation Business are the two reportable segments.

Services provided by each segment are as follows:

Segment		Main Business(es)
E-Commerce	Global Commerce	Overseas Forwarding "tenso.com" and Proxy Purchasing Business "Buyee" Global shopping Business "Sekaimon"
	Value Cycle	Apparel Reuse Business "Brandear" Liquor Mediation Business "JOYLAB"
	Entertainment	Entertainment Business Global Product Business
Incubation		Investment and Consultation Business Pre-Monetized Start-up Business

2. Calculations Method of Each Segment's Net Sales, Profit/Loss, Assets, Liabilities and Other Values

Accounting method of each reportable segment is in accordance with the method mentioned in "Important Elements for Preparing Consolidated Financial Results".

Profit of reportable segments are based on the operating income.

Inter-segment profit and transfer is based on the market price.

3. Information regarding sales, profit or loss, assets, liabilities and other information by reporting segment FY2021 (1 October 2020 ~ 30 September 2021)

(Unit: million JPY)

	Reporting Segment						Adjustments *1, 3	Recorded Amount on Consolidated Profit & Loss Statement *2
	E-Commerce Business				Incubation Business	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal				
Net sales								
Sales to customers	8,275	11,880	4,163	24,319	688	25,008	—	25,008
Intersegment sales	11	146	0	158	73	231	△231	—
Total	8,287	12,026	4,163	24,478	762	25,240	△231	25,008
Segment profit (loss) (△)	2,811	68	167	3,048	△494	2,553	△868	1,685
Segment assets	6,766	4,579	1,835	13,182	5,745	18,927	2,869	21,797
Segment liabilities	4,057	1,100	1,673	6,830	2,492	9,322	1,078	10,401
Other items								
Depreciation and amortization	43	42	8	94	42	137	11	148
Amortization of goodwill	—	75	—	75	30	105	—	105
Equity method investments	—	—	—	—	99	99	46	145

Increase in property, plant and equipment, and intangible assets	62	73	4	139	152	292	11	304
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- * 1. The segment earnings adjustment of $\Delta 868$ Million JPY includes the deletion of inter-segment transactions of $\Delta 1,221$ Million JPY, company-wide revenue of 1,588 Million JPY, that is not distributed to each reporting segment and company-wide costs of $\Delta 1,235$ 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
3. The Adjustment of Segment Assets of 2,869 Million JPY include corporate-wide assets of 9,089 Million JPY and elimination of transactions between segments of $\Delta 6,219$ Million JPY that are not distributed among the segments. The main portion of corporate-wide assets include cash held by the holding company and long-term investment funds (investment securities).

FY2022 (1 October 2021 ~ 30 September 2022)

(Unit: million JPY)

	Reporting Segment						Adjustments *2, 4	Recorded Amount on Consolidated Profit & Loss Statement *3
	E-Commerce Business				Incubation Business	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal				
Net sales								
Revenue from contracts with customers	10,028	14,869	4,124	29,022	526	29,549	-	29,549
Other income (Note 1)	-	-	-	-	296	296	-	296
Sales to customers	10,028	14,869	4,124	29,022	823	29,846	-	29,846
Intersegment sales	36	211	0	247	211	459	$\Delta 459$	-
Total	10,065	15,080	4,124	29,270	1,035	30,305	$\Delta 459$	29,846
Segment profit (loss) (Δ)	3,335	199	129	3,665	$\Delta 2,473$	1,191	$\Delta 862$	328
Segment assets	8,132	4,765	1,807	14,705	15,616	30,322	3,587	33,909
Segment liabilities	6,338	1,149	1,694	9,182	6,574	15,756	151	15,908
Other items								
Depreciation and amortization	45	47	8	101	81	183	12	195
Amortization of goodwill	-	73	-	73	31	105	-	105
Equity method investments	-	-	-	-	128	128	132	260
Increase in property, plant and equipment, and intangible assets	47	138	0	185	106	292	26	319

*1. Other income includes income related to operational investment securities in accordance with "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10).

2. The segment earnings adjustment of $\Delta 862$ Million JPY includes the deletion of inter-segment transactions of $\Delta 3,691$ Million JPY, company-wide revenue of 4,064 Million JPY, that is not distributed to each reporting segment and company-wide costs of $\Delta 1,236$ 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 profits are adjusted in the operating income of the Consolidated Profit & Loss Statement
4. The Adjustment of Segment Assets of 3,587 Million JPY include corporate-wide assets of 13,622 Million JPY and elimination of transactions between segments of △10,034 Million JPY that are not distributed among the segments. The main portion of corporate-wide assets include cash held by the holding company and long-term investment funds (investment securities).

(Information on losses on noncurrent assets by segment)

FY2021 (1 October 2020 ~ 30 September 2021)

(Unit: million JPY)

	Reporting Segment						Adjustments	Total
	E-Commerce Business				Incubation Business	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal				
Impairment Loss	—	4	—	4	—	4	—	4

FY2022 (1 October 2021 ~ 30 September 2022)

Not Applicable

(Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment)

FY2021 (1 October 2020 ~ 30 September 2021)

(Unit: million JPY)

	Reporting Segment						Adjustments	Total
	E-Commerce Business				Incubation Business	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal				
Amortization of current term	—	75	—	75	30	105	—	105
Closing balance	—	110	—	110	154	264	—	264

FY2022 (1 October 2021 ~ 30 September 2022)

(Unit: million JPY)

	Reporting Segment						Adjustments	Total
	E-Commerce Business				Incubation Business	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal				
Amortization of current term	—	73	—	73	31	105	—	105
Closing balance	—	36	—	36	123	160	—	160

(Information on Gain on Negative Goodwill by Reportable Segment)

Not applicable

(Information per share)

	FY 2021 (1 October 2020 ~ 30 September 2021)	FY 2022 (1 October 2021 ~ 30 September 2022)

Net assets per share	883.49JPY	JPY1,443.65
Net Income (△) Per Share or Net Loss per Share	53.99JPY	△16.98JPY
Diluted net income per share	50.48JPY	-

(NOTE) 1. Diluted net income per share for the fiscal year under review is not presented because the Company posted a net loss per share, although there were dilutive shares.

2.The basic calculation of net assets per share is as follows

Item	FY 2021 (30 September 2021)	FY 2022 (30 September 2022)
Total net assets (million JPY)	11,395	18,001
Amount deducted from total net assets (million JPY)	135	198
(Including non-controlling interests (million JPY))	-	-
(of which, subscription rights to shares (million JPY))	(135)	(198)
Net assets attributable to common stock at end of year (million JPY)	11,260	17,803
Number of shares of common stock issued (shares)	13,335,995	13,335,995
Number of treasury shares of common stock (shares)	590,935	1,003,874
Number of shares of common stock used in calculation of net assets per share (shares)	12,745,060	12,332,121

3.The basic calculation of net income per share and diluted net income per share are as follows

	FY 2021 (1 October 2020 ~ 30 September 2021)	FY 2022 (1 October 2021 ~ 30 September 2022)
Net Income (△) Per Share or Net Loss per Share		
Net income (△) attributable to owners of parent (Millions of yen)	690	△211
Amounts not attributable to common stock (million JPY)	-	-
Net income attributable to owners of the parent or loss (△) attributable to owners of the parent related to common shares (million JPY)	690	△211
Average number of shares of common stock outstanding during the period (shares)	12,794,725	12,472,011
Diluted net income per share		
Adjustment of profit attributable to owners of parent (million JPY)	-	-
Interest expense, net of tax (million JPY)	-	-
Increase in common stock (shares)	889,761	664,351
(Of which, convertible bonds with stock acquisition rights (shares))	-	-
(Stock acquisition rights (shares))	(889,761)	(664,351)
Explanation of residual stock not included in calculation of diluted net income per share due to lack of dilutive potential	14 th Paid Stock Option (Equity Warrant) 491	14 th Paid Stock Option (Equity Warrant) 462

4. Our shares owned by a trust that is recorded as treasury stock in stockholders' equity as a Trust-type Employee Stock Ownership Incentive Plan (E-Ship) are included in the number of treasury shares that are deducted in the computation of the weighted-average number of shares outstanding during the period for purposes of computing net income per share or net loss (Δ) per share. In addition, it is included in treasury stock, which is deducted from the total number of shares outstanding at the end of the period, for the purpose of calculating net assets per share.

Average number of shares of treasury stock excluded from the calculation of net income per share or net loss (Δ) per share

39,620 shares in the previous fiscal year and 80,956 shares in the current fiscal year

Number of treasury stock at the end of the period deducted from the calculation of net assets per share

100,300 shares in the previous fiscal year and 58,800 shares in the current fiscal year

(Important Subsequent Events)

Not Applicable