

Consolidated Financial Results (Japanese Accounting Standards)  
For the First Quarter Ended 31 December 2022

8 February 2023

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 14FEB2023 Scheduled date of commencement of dividend payment —  
 Supplementary documents for quarterly results: Yes  
 Quarterly results briefing: Yes

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended 31 December 2022

(1 October 2022 – 31 December 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 | % |
| 1Q FY2023 | 6,975       | 2.3 | 764              | 830.3 | 588             | —     | 398         | — |
| 1Q FY2022 | 6,816       | 8.6 | 82               | △76.2 | 36              | △88.3 | △18         | — |

(Note) Comprehensive Income 1Q FY2023 △4,808 Mil. yen ( —%) 1Q FY2022 131 Mil. yen ( 53.0%)

|           | Net income per share (basic) | Net income per share (diluted) |
|-----------|------------------------------|--------------------------------|
|           | Yen                          | Yen                            |
| 1Q FY2023 | 32.28                        | 30.45                          |
| 1Q FY2022 | △1.43                        | —                              |

(2) Consolidated Financial Position

|           | Total assets | Net assets  | Equity ratio | Net assets per share |
|-----------|--------------|-------------|--------------|----------------------|
|           | Million yen  | Million yen | %            | Yen                  |
| 1Q FY2023 | 26,082       | 12,975      | 49.0         | 1,031.30             |
| FY2022    | 33,909       | 18,001      | 52.5         | 1,443.65             |

(Reference) Shareholders' equity 1Q FY2023 12,775 Million yen FY2022 17,803 Million yen

2. Dividends

|                   | Dividend per share |           |           |          |       |
|-------------------|--------------------|-----------|-----------|----------|-------|
|                   | End of 1Q          | End of 2Q | End of 3Q | Year-end | Total |
|                   | Yen                | Yen       | Yen       | Yen      | Yen   |
| FY2022            | —                  | 0.00      | —         | 25.00    | 25.00 |
| FY2023            | —                  |           |           |          |       |
| FY2023 (Forecast) |                    | —         | —         | —        | —     |

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

Note 2: The dividend for FY2023 is TBD

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

(1 October 2022 – 30 September 2023)

(% show year-on-year changes)

|        | Net sales   |      | Operating income |   | Ordinary income |   | Net income  |   | Net income per Share |
|--------|-------------|------|------------------|---|-----------------|---|-------------|---|----------------------|
|        | Million yen | %    | Million yen      | % | Million yen     | % | Million yen | % | Yen                  |
| FY2023 | 33,120      | 11.0 | 4,500            | — | 4,200           | — | 2,580       | — | 209.20               |

(Note) Changes from previously announced forecast: None

Please see page 7 for details within (3) Explanation of Outlook for the Future

※ 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)

|           |                      |           |                      |
|-----------|----------------------|-----------|----------------------|
| FY2023 1Q | 13,335,995<br>Shares | FY2022    | 13,335,995<br>Shares |
| FY2023 1Q | 948,579<br>Shares    | FY2022    | 1,003,874<br>Shares  |
| FY2023 1Q | 12,351,316<br>Shares | FY2022 1Q | 12,723,753<br>Shares |

② Number of treasury shares at end of period

③ Average number of shares outstanding during the term

(Note) The number of treasury shares at the end of period includes the shares held in the BEENOS E-Ship program (FY2023 1Q 48,700 shares, FY2022 58,800 shares). The same shares are excluded from the average number of shares outstanding.

※ 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 information.

As we aim to reach our 100 Billion JPY in consolidated GMV goal this year, the Global Commerce Business will focus on the improvement and fortification of Buyee's services centered around delivery plans and payment options. The Value Cycle Business will focus on purchasing high ticket items and fortifying domestic sales. The Entertainment Business will focus on increasing circulation by increasing partnerships and users on its entertainment tailored EC platform, Groobee.

In FY2023 1Q, Global Commerce created a new scheme with one of its domestic partners as well as proactively launched campaigns to increase its GMV. Value Cycle increased its foreign sales and fortified its domestic sales. Entertainment aimed to increase GMV by acquiring new artists. The Incubation Business recorded sales on its investment securities.

As a result, the annual consolidated net sales were 6,975 Million JPY (up 2.3% year on year), operating income was 764 Million JPY (up 830.3% year on year), ordinary income was 588 Million JPY (ordinary income in FY2022 1Q was 36 Million JPY), and net income attributable to owners of parent was 398 Million JPY (net losses attributable to owners of parent in FY2022 1Q was 18 Million JPY).

The consolidated GMV for FY2023 1Q was 22.8 Billion JPY (up 24.4% year on year).

The book value for our operational investment securities at the end of December 2022 was 6.8 billion JPY (book value in September 2022 was 12.8 billion JPY). The market value at the end of December 2022 has fallen to 22.5 billion JPY (market value as of September 2022 30.0 billion JPY). The main reason for the decrease of the market value is due to the decrease in share prices of public shares and the changes in exchange rates.<sup>1</sup>

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) revised its service fee structure and the Package Forwarding Business, tenso.com, incorporated Buyee's original logistic services to create "tenso.com Taiwan Air Delivery" for users in Taiwan. The "Buyee Connect" service which allows Japanese EC sites to ship overseas by adding a few tag lines on its site was adopted on Syuppin Co. Ltd.'s EC site. We now support the cross border E-Commerce of over 4,000 sites as of December 2022.

The Global Shopping Business (To Japan) has increased its service categories to include food and beverages to increase volume. The depreciation of the yen from the previous fiscal year to the first half of FY2023 1Q had negatively affected this business but orders have increased since the yen has strengthened though this quarter.

The Cross Border EC Service specializing in fashion, FASBEE, has spun out of the Incubation Segment into the Global Commerce Business as of this fiscal year.

As a result, net sales were 3,002 Million JPY (up 28.5% year on year) and operating income was 1,021 Million JPY (up 44.8% year on year).

##### ii) Value Cycle Business

The Apparel Reuse Business has seen a decrease in sales as inventory wore thin from their increase in sales in FY2022 4Q as well as the lack of resources to get items listed in a timely manner due to cost cuts. We opened 2 new Brandear stores (Kobe Motomachi in October 2022 and Ginza in November 2022) to bring the total to 13

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<sup>1</sup> Refer to footnote 2 in the Incubation Business for the calculation logic.

stores. The online appraisal service, "Brandear Bell", also implemented requests by our customers to allow them to blur their face and/or background to protect their privacy.

The Liquor Mediation Business saw an increase in sales as it was able to capitalize on the popularity of Japanese whiskeys and wines. We also launched the official Japanese brand site and the EC sales of former Japan National Soccer Team Manager Philippe Troussier's winery, "La Belle Gabrielle." The appraisal and asset management app "MyCellar" conducted a campaign which led to the doubling of users and registered asset value.

As a result, net sales were 3,311 Million JPY (down 9.4% year on year) and operating income was 13 Million JPY (operating losses in FY2022 1Q was 122 Million JPY).

### iii) Entertainment Business

No large events were held by the artists that we cover in the Entertainment Business which led to a decrease in sales of CDs and merchandise, but the industry itself is showing signs of recovery as capacity restrictions are being lifted. Furthermore, sales are expected to decrease beginning this fiscal year as the contract with our main artist has changed to a structure where we will only book the service fees as sales opposed to the entire unit price of the merchandise.

Lovisia, the in-house cosmetic brand of the Global Product Business, collaborated with popular contents such as Chiikawa, Pokemon and Kirby to increase its cumulative shipments to 1.93 million units.

Groobee, our entertainment industry-based platform, has spun out of the Incubation Segment to the Entertainment Business beginning this fiscal year. Groobee is showing strong growth as we supported the development and operations of the "Cardboard Craft of Suzume's Chair" from the Japanese anime movie, "Suzume." We also implemented Groobee's online lottery function on EDITH ONLINE, a partner that produces and sells merchandise for popular anime and games.

As a result, net sales were 318 Million JPY (down 65.8% year on year\*) and operating losses were 39 Million JPY (operating losses in FY2022 1Q was 35 Million JPY\*). \*The FY2022 results have been reclassified to include the new business in the segment.

For the E-Commerce Business as a whole, net sales were 6,632 Million JPY (down 4.2% year on year) and operating income was 995 Million JPY (up 82.3% year on year).

## ②Incubation Business

The Investment and Consultation Business sold off some of its investment securities for roughly 200 Million JPY. The policy to sell shares to offset the cost and losses accrued by New Businesses and corporate costs remains as is and we plan to continue to sell more of our shares in companies in the Incubation Business.

New Businesses, which was listed under the Incubation Business until last year, has spun out into Other Businesses beginning this fiscal year.

As a result, net sales were 262 Million JPY (up 903.5% year on year) and operating income was 209 Million JPY (operating losses in FY2022 1Q was 13 Million JPY).

The book value for our operational investment securities at the end of December 2022 was 6.8 billion JPY (book value as of September 2022 was 12.8 billion JPY). The market value has fallen to 22.5 billion JPY (market value as of September 2022 was 30.0 billion JPY). The main reason for the decrease of the market value is due to the decrease in share prices of public shares and change in foreign exchange rates.<sup>2</sup>

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<sup>2</sup> 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.

### ③Other Businesses

The "Cross Border EC Support Business" which supports Japanese companies entering Asian marketplaces has suspended its project with its largest Chinese platform but continues to provide its comprehensive support services with foreign marketplaces such as Shopee and Tmall Global. Services include listing, customer support, foreign shipping logistics and payment. We continue to search for new platforms that we could partner with.

The Inbound Business is preparing for an increase in inbound tourists to Japan with the abolishment of Japan's inbound travel restrictions and is ramping up its development of various services such as reservation services for inbound tourists.

As a result, net sales were 189 Million JPY (up 77.6% year on year) and operating losses were 224 Million JPY (operating losses in FY2022 1Q was 252 Million JPY).

## (2) Financial Status Report

### ① Financial Status Analysis

#### Assets

Total assets at the end of the 1Q of the current fiscal year decreased 7,827 Million JPY from the end of the previous fiscal year to 26,082 Million JPY.

Current assets totaled 22,116 Million JPY, a decrease of 7,596 Million JPY from the end of the previous fiscal year. The main contributory factors were declines of 6,067 Million JPY in operational investment securities due to the decline of share prices of listed investments and 2,991 Million JPY in cash and deposits.

Total non-current assets were 3,965 Million JPY, a decrease of 231 Million JPY from the end of the previous fiscal year. This was mainly due to a decrease of 236 Million JPY in investment securities.

#### Liabilities

Total liabilities at the end of the 1Q of the current fiscal year decreased 2,801 Million JPY from the end of the previous fiscal year to 13,106 Million JPY.

The breakdown shows that total current liabilities were 11,816 Million JPY, a decrease of 1,598 Million JPY from the end of the previous fiscal year. This was mainly due to decreases of 718 Million JPY in deposits received and 322 Million JPY in accounts payable-other.

Total long-term liabilities were 1,289 Million JPY, a decrease of 1,203 Million JPY from the end of the previous fiscal year. This was mainly due to a decrease of 1,031 Million JPY in deferred tax liabilities.

#### Net assets

Total net assets at the end of the 1Q of the current fiscal year decreased 5,025 Million JPY from the end of the previous fiscal year to 12,975 Million JPY. This was mainly due to a decrease of 4,843 Million JPY in unrealized gains on securities.

(3) Explanation of Outlook for the Future

There are no changes to the consolidated earnings forecast announced in the financial results summary on 8 November 2022. The breakdown by segment is shown in the table below.

We have changed the segment classification from this fiscal year. Results for the previous fiscal year have also been reclassified into new segments. Please refer to the "Segment Information" section for reasons for the change.

(Unit: billion JPY)

|                                  | Global<br>Commerce | Value Cycle | Entertainment | Incubation | Other<br>Businesses | Consolidated |
|----------------------------------|--------------------|-------------|---------------|------------|---------------------|--------------|
| 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<br>Income                | 4.00               | 0.40        | 0.10          | 2.15       | ▲1.00               | 4.50         |
| YoY                              | +20.9%             | +100.3%     | -             | -          | -                   | +1,269.3%    |
| (Reference)<br>FY2022<br>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<br>Income                | 3.30               | 0.19        | ▲0.30         | ▲0.96      | ▲0.97               | 0.32         |

## 2. Consolidated Financial Statements and Major Notes

### (1) Consolidated Balance Sheets

(Unit: million JPY)

|                                    | FY2022<br>(30 September 2022) | 1Q FY2023<br>(31 December 2022) |
|------------------------------------|-------------------------------|---------------------------------|
| <b>Assets</b>                      |                               |                                 |
| Current assets                     |                               |                                 |
| Cash and deposits                  | 9,551                         | 6,560                           |
| Notes and accounts receivable      | 911                           | 675                             |
| Operational investment securities  | 12,870                        | 6,803                           |
| Products                           | 2,225                         | 2,615                           |
| Accounts receivable                | 1,257                         | 1,717                           |
| Other                              | 2,912                         | 3,762                           |
| Allowance for doubtful accounts    | △16                           | △18                             |
| Total current assets               | 29,713                        | 22,116                          |
| Fixed assets                       |                               |                                 |
| Tangible Assets                    |                               |                                 |
| Buildings and structures           | 730                           | 747                             |
| Accumulated depreciation           | △394                          | △404                            |
| Buildings and structures, net      | 335                           | 342                             |
| Tools, materials and supplies      | 242                           | 259                             |
| Accumulated depreciation           | △172                          | △180                            |
| Tools, materials and supplies, net | 69                            | 78                              |
| Other                              | 38                            | 38                              |
| Accumulated depreciation           | △15                           | △15                             |
| Other, net                         | 23                            | 22                              |
| Total tangible assets              | 428                           | 443                             |
| Intangible assets                  |                               |                                 |
| Goodwill                           | 160                           | 133                             |
| Other                              | 319                           | 336                             |
| Total intangible assets            | 479                           | 469                             |
| Investments etc.                   |                               |                                 |
| Investment securities              | 2,741                         | 2,505                           |
| Deferred tax assets                | 54                            | 65                              |
| Other                              | 492                           | 481                             |
| Total investments etc.             | 3,287                         | 3,051                           |
| Total fixed assets                 | 4,196                         | 3,965                           |
| <b>Total assets</b>                | <b>33,909</b>                 | <b>26,082</b>                   |



(Unit: million JPY)

|  | FY2022<br>(30 September 2022) | 1Q FY2023<br>(31 December 2022) |
|--|-------------------------------|---------------------------------|
| <b>Liabilities</b>                           |                               |                                 |
| Current liabilities                          |                               |                                 |
| Notes and accounts payable-trade             | 373                           | 78                              |
| Short-term loan                              | 3,550                         | 3,550                           |
| Current portion of long-term loans payable   | 900                           | 900                             |
| Accounts payable-other                       | 5,459                         | 5,137                           |
| Deposits received                            | 1,942                         | 1,223                           |
| Income taxes payable                         | 277                           | 175                             |
| Other  | 911                           | 751                             |
| Total current liabilities                    | 13,415                        | 11,816                          |
| Fixed liabilities                            |                               |                                 |
| Long-term loans payable                      | 1,048                         | 873                             |
| Deferred tax liabilities                     | 1,210                         | 179                             |
| Asset retirement obligations                 | 212                           | 215                             |
| Other  | 22                            | 22                              |
| Total fixed liabilities                      | 2,493                         | 1,289                           |
| Total liabilities                            | 15,908                        | 13,106                          |
| Net assets                                   |                               |                                 |
| Shareholders' equity                         |                               |                                 |
| Capital stock                                | 2,775                         | 2,775                           |
| Capital surplus                              | 3,925                         | 3,891                           |
| Retained earnings                            | 5,367                         | 5,456                           |
| Treasury Stock                               | △2,107                        | △1,981                          |
| Total shareholders' equity                   | 9,962                         | 10,141                          |
| Other accumulated comprehensive income       |                               |                                 |
| Valuation difference on securities           | 6,620                         | 1,777                           |
| Foreign currency translation adjustments     | 1,220                         | 856                             |
| Total other accumulated comprehensive income | 7,841                         | 2,633                           |
| Share subscription rights                    | 198                           | 200                             |
| Total net assets                             | 18,001                        | 12,975                          |
| Total liabilities and net assets             | 33,909                        | 26,082                          |

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

(Unit: million JPY)

|   | FY 2022 1Q<br>(1 October 2021~<br>31 December 2021) | FY 2023 1Q<br>(1 October 2022~<br>31 December 2022) |
|---|---|---|
| Net sales   | 6,816   | 6,975   |
| Cost of sales   | 3,863   | 3,460   |
| Gross profit  | 2,953   | 3,514   |
| Selling, general and administrative expenses          | 2,871   | 2,750   |
| Operating income                                      | 82  | 764   |
| Non-operating income                                  |   |   |
| Interest income                                       | 1   | 1   |
| Subsidy income  | 1   | -   |
| Gain on investments in partnerships                   | 15  | -   |
| Guarantee income                                      | 4   | 4   |
| Other   | 15  | 8   |
| Total non-operating income                            | 37  | 14  |
| Non-operating expenses                                |   |   |
| Interest expenses                                     | 3   | 4   |
| Equity in loss of affiliates                          | 60  | 42  |
| Foreign exchange losses                               | 14  | 142   |
| Commissions paid                                      | 2   | 0   |
| Loss on investments in partnerships                   | -   | 1   |
| Other   | 2   | 0   |
| Total non-operating expenses                          | 83  | 190   |
| Ordinary income                                       | 36  | 588   |
| Extraordinary income                                  |   |   |
| Gain on reversal of subscription rights to shares     | 1   | 2   |
| Total extraordinary income                            | 1   | 2   |
| Income (△) before income taxes and minority interests | 38  | 591   |
| Income taxes  | 51  | 201   |
| Income taxes-deferred                                 | 4   | △9  |
| Total income taxes                                    | 56  | 192   |
| Net Income or Loss (△)                                | △18   | 398   |
| Net income (△) attributable to owners of parent       | △18   | 398   |

Consolidated Statements of Comprehensive Income

(Unit: million JPY)

|  | FY 2022 1Q<br>(1 October 2021~<br>31 December 2021) | FY 2023 1Q<br>(1 October 2022~<br>31 December 2022) |
|--|---|---|
| Net Income or Loss ( $\Delta$ )                                | $\Delta$ 18   | 398   |
| Other comprehensive income                                     |   |   |
| Valuation difference on securities                             | 11  | $\Delta$ 4,843                                      |
| Foreign currency translation adjustments                       | 134   | $\Delta$ 348  |
| Share of other comprehensive (loss) income in associates       | 3   | $\Delta$ 15   |
| Total other comprehensive income                               | 149   | $\Delta$ 5,207                                      |
| Quarterly Comprehensive income                                 | 131   | $\Delta$ 4,808                                      |
| (Breakdown)  |   |   |
| Comprehensive income attributable to owners of parent          | 131   | $\Delta$ 4,808                                      |
| 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

(Segment Information, etc.)

I Previous Consolidated Cumulative 1<sup>st</sup> Quarter (1 October 2021 – 31 December 2021)

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

(Unit: million JPY)

|  | Reporting Segment   |                |                    |          |                        |                   |       | Adjustments<br>(Note) 1 | Recorded<br>Amount on<br>Quarterly<br>Consolidated<br>Profit &<br>Loss<br>Statement<br>(Note) 2 |
|--|---------------------|----------------|--------------------|----------|------------------------|-------------------|-------|-------------------------|---|
|  | E-Commerce Business |                |                    |          | Incubation<br>Business | Other<br>Business | Total |                         |   |
|  | Global<br>Commerce  | Value<br>Cycle | Entertain-<br>ment | Subtotal |                        |                   |       |                         |   |
| Net Sales                                    |                     |                |                    |          |                        |                   |       |                         |   |
| Contract based income with customers         | 2,329               | 3,485          | 929                | 6,745    | 26                     | 45                | 6,816 | -                       | 6,816   |
| Sales to Customers                           | 2,329               | 3,485          | 929                | 6,745    | 26                     | 45                | 6,816 | -                       | 6,816   |
| Internal Sales or Transfers Between Segments | 6                   | 168            | -                  | 174      | -                      | 61                | 236   | △236                    | -   |
| Total  | 2,336               | 3,653          | 929                | 6,919    | 26                     | 106               | 7,052 | △236                    | 6,816   |
| Segment Earnings                             | 705                 | △122           | △35                | 546      | △13                    | △252              | 280   | △197                    | 82  |

(Notes) 1. The segment earnings or loss adjustment of △197 million JPY includes the deletion of inter-segment transactions of △106 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.

II Current Consolidated Cumulative 1<sup>st</sup> Quarter (1 October 2022 – 31 December 2022)

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

(Unit: million JPY)

|  | Reporting Segment   |                |                   |          |                        |                   |       | Adjustments<br>(Note) 2 | Recorded<br>Amount on<br>Quarterly<br>Consolidated<br>Profit &<br>Loss<br>Statement<br>(Note) 3 |
|--|---------------------|----------------|-------------------|----------|------------------------|-------------------|-------|-------------------------|---|
|  | E-Commerce Business |                |                   |          | Incubation<br>Business | Other<br>Business | Total |                         |   |
|  | Global<br>Commerce  | Value<br>Cycle | Entertain<br>ment | Subtotal |                        |                   |       |                         |   |
| Net Sales                                    |                     |                |                   |          |                        |                   |       |                         |   |
| Contract based income with customers         | 2,994               | 3,289          | 318               | 6,601    | -                      | 110               | 6,712 | -                       | 6,712   |
| Other Earnings (Note)1                       | -                   | -              | -                 | -        | 262                    | -                 | 262   | -                       | 262   |
| Sales to Customers                           | 2,994               | 3,289          | 318               | 6,601    | 262                    | 110               | 6,975 | -                       | 6,975   |
| Internal Sales or Transfers Between Segments | 7                   | 22             | 0                 | 30       | -                      | 78                | 109   | △109                    | -   |
| Total  | 3,002               | 3,311          | 318               | 6,632    | 262                    | 189               | 7,084 | △109                    | 6,975   |
| Segment Earnings                             | 1,021               | 13             | △39               | 995      | 209                    | △224              | 980   | △216                    | 764   |

(Notes) 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 or loss adjustment of △216 million JPY includes the deletion of inter-segment transactions of △13 million JPY, company-wide revenue of 84 million JPY, that is not distributed to each reporting segment, and company-wide cost of △288 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.

2. Changes in Reporting Segments

The BEENOS Group mainly divides its business segments in 2 parts: the E-Commerce Business and the Incubation Business.

The Incubation Business had two subsegments, the Investment and Consultation Business and the New Businesses, but as each subsegment has grown to an extent where it has a significant impact on the consolidated results we believe that it would be better to separate the two to increase transparency. The Incubation Business and New Businesses will become separate segments.

The Investment and Consultation Business will remain as the "Incubation Business" and the New Businesses will be titled under "Other Business."

Furthermore, the Cross Border EC Service specializing in fashion, FASBEE, and the entertainment industry-based platform, Groobee, have grown to an extent where they are fully operational so they have respectively spun out into the Global Commerce and Entertainment segments of the E-Commerce Business.

The results for FY2022 1Q have been recalibrated to reflect the changes in the aforementioned segments.