

Consolidated Financial Results (Japanese Accounting Standards)

For the Third Quarter Ended 30 June 2023

8 August 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 14 August 2023 Scheduled date of commencement of dividend payment —
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter Ended 30 June 2023

(1 October 2022 – 30 June 2023)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY2022	22,075	2.4	2,667	365.3	2,384	373.5	1,248	—
3Q FY2023	21,566	17.6	573	△47.4	503	△52.7	72	△83.8

(Note) Comprehensive Income 3Q FY2023 △3,419 M yen (—%) 3Q FY2022 11,174 M yen (787.9%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
3Q FY2022	100.76	95.85
3Q FY2023	5.82	5.53

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q FY2021	29,612	14,264	47.4	1,140.82
FY2022	33,909	18,001	52.5	1,443.65

(Reference) Shareholders' equity 3Q FY2022 14,042 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	—	0.00	—	—	—
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)

(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)

FY2023 3Q	13,335,995 Shares	FY2022	13,335,995 Shares
FY2023 3Q	1,027,066 Shares	FY2022	1,003,874 Shares
FY2023 3Q	12,386,346 Shares	FY2022 3Q	12,521,667 Shares

② Number of treasury shares at end of period

③ Average number of shares outstanding during the term

Note: Treasury shares include the BEENOS ESOP shares held through the E-Ship program (25,200 shares from FY2023 3Q and 58,8000 shares from FY2022). These shares are accounted for in any calculations used for including/excluding treasury shares.

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

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

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

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1. Qualitative Information for this Fiscal Year's Results

(1) Business Performance Report

The BEENOS Group aims to be on the "Global Platform Frontier" and continue to create platforms that will connect Japan with the world to create new standards and possibilities for people, products and 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 3Q, Global Commerce created a new scheme with one of its domestic partners as well as proactively launched campaigns to increase its GMV as external factors put it in a prime position for growth. Value Cycle increased rectified its customer services at its brick and mortar stores and launched promotions to increase its purchases and success rates. Entertainment aimed to increase GMV by selling artist merchandise for live events and increasing functions and services of Groobee. The Incubation Business recorded sales on its investment securities.

As a result, the annual consolidated net sales were 22,075 million JPY (up 2.4% year on year), operating income was 2,667 million JPY (up 365.3% year on year), ordinary income was 2,384 million JPY (up 373.5% year on year), and net income attributable to owners of parent was 1,248 million JPY (net income attributable to owners of parent in FY2022 3Q was 72 million JPY).

The consolidated GMV for FY2023 3Q was 70.5 billion JPY (up 22.3% year on year).

The book value for our operational investment securities at the end of June 2023 was 7.0 billion JPY (book value in March 2023 was 7.1 billion JPY). The market value at the end of June 2023 has risen to 24.5 billion JPY (market value as of March 2023 22.9 billion JPY). The main reason for the increase of the market value is due to the changes in exchange rates.¹

The achievements of each business segment are as follows.

①E-Commerce Business

i) Global Commerce Business

The Overseas Forwarding and Proxy Purchasing Business (From Japan) saw an increase in momentum after implementing a new shipping plan to decrease shipping fees on lightweight packages and the depreciation of the yen since May. This was also a good opportunity to grow larger in scale so promotional efforts were implemented and Buyee's GMV grew 22.8% year on year on a quarterly basis. Furthermore, the dashboard function for domestic EC sites to see the data and trends of foreign purchases has been updated to provide more detailed data. The "Buyee Connect" service which allows Japanese EC sites to ship overseas by adding a few tag lines on its site continues to increase its coverage with interior EC shop "Francfranc", operated by Francfranc Corporation, being one of the recent new partners in 3Q.

The Global Shopping Business (To Japan) has expanded its purchasing capabilities to include products listed on eBay from France and the Netherlands on its shopping site, "Sekaimon." The new countries join the US, UK, Germany, Canada and Austria to increase its services to 7 countries.

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 8,895 million JPY (up 21.1% year on year) and operating income was 2,816 million

¹ Refer to footnote 2 in the Incubation Business for the calculation logic.

JPY (up 19.3% year on year).

ii) Value Cycle Business

The Apparel Reuse Business saw a decrease in sales compared to the previous year due to decrease in sales stemming from difficulties in purchasing in the previous quarter. On the purchasing side, it achieved an increase in purchasing amounts and inventory values by carrying out advertisements and large-scale purchasing campaigns. The increase inventory will contribute to sales in 4Q. We opened the "Brandear Shinsaibashi" store in April 2023, bringing the total to 15 stores.

The total recorded assets on the liquor appraisal and asset management app, "MyCellar" for the Liquor Mediation Business reached 200 million yen. A commemorative campaign was launched to increase purchases which led to the increase in purchases of high-end wines, but overall purchases fell as the Japanese whiskey market was stagnant. However, the sales of expensive wines led to an increase in sales.

As a result, net sales were 10,472 Million JPY (down 5.8% year on year) and operating losses were 17 Million JPY (operating losses in FY2022 3Q was 6 Million JPY).

iii) Entertainment Business

The Entertainment Business saw an increase in distribution of merchandise for its main artist at its live event. Groobee, our entertainment industry-based platform, has spun out of the Incubation Segment to the Entertainment Business beginning this fiscal year. Groobee has commenced the support of the "ANIMAX Store" which is operated by the cable anime channel, "ANIMAX." It has also provided services at the merch stores of live events of existing artists along with its online gacha function to lead to increased sales.

The accounting process for one of this segment's main artists has changed to a commission-based system so the way net sales is booked has changed from the price of the entire item sold to just the commission received from the sales.

As a result, net sales were 913 Million JPY (down 66.9% year on year) and operating losses were 165 Million JPY (operating losses in FY2022 3Q was 176 Million JPY).

For the E-Commerce Business as a whole, net sales were 20,281 Million JPY (down 4.5% year on year) and operating income was 2,634 Million JPY (up 20.9% year on year).

②Incubation Business

The Investment and Consultation Business sold off some of its investment securities for roughly 0.73 billion 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 1,575 million JPY (net sales in FY2022 3Q were 248 million JPY) and operating income was 1,455 million JPY (operating losses in FY2022 3Q was 215 million JPY).

The book value for our operational investment securities at the end of June 2023 was 7.0 billion JPY (book value as of March 2023 was 7.1 billion JPY). The market value at the end of June 2023 was 24.5 billion JPY (market value as of March 2023 was 22.9 billion JPY). The main reason for the increase of the market value is due to the change in foreign exchange rates.²

² The market value of investments is calculated quarterly. The market value for listed companies is calculated at its stock price. Unlisted companies are calculated based on our number of shares with the price of the most recent stock issuance (if a company has recorded allowance for loss on investments, it is priced at book value). This amount has been calculated internally and has not gone through the auditing process.

③ Other Businesses

The SaaS-type Cross Border HR Platform "Linkus" that uses technology to help the hiring of foreign staff began providing consulting services to create an appropriate working environment for foreign "Specified Skilled Workers" as the hiring of specified skilled workers is expected to increase in Japan.

The Travel Business has commenced the experimental phase of its service, FanVas, to provide shuttle bus services from main train stations to concert venues.

As a result, net sales were 566 Million JPY (down 11.8% year on year) and operating losses were 689 Million JPY (operating losses in FY2022 3Q was 709 Million JPY).

(2) Financial Status Report

① Financial Status Analysis

Assets

Total assets at the end of the 3Q of the current fiscal year decreased by 4,296 million JPY from the end of the previous fiscal year to 29,612 million JPY.

Current assets totaled 24,864 million JPY, a decrease of 4,848 million JPY from the end of the previous fiscal year. This was mainly due to a decrease of 5,856 million JPY in operational investment securities due to a decrease in book value caused by a change in the stock price of listed stocks held.

Total non-current assets were 4,748 million JPY, an increase of 551 million JPY from the end of the previous fiscal year. This was mainly due to an increase of 521 million JPY in deferred tax assets.

Liabilities

Total liabilities at the end of the 3Q of the current fiscal year decreased by 560 million JPY from the end of the previous fiscal year to 15,348 million JPY.

The breakdown shows that total current liabilities were 14,447 million JPY, an increase of 1,032 million JPY from the end of the previous fiscal year. This was mainly due to an increase of 1,021 million JPY in accounts payable-other.

On the other hand, total non-current liabilities were 900 million JPY, a decrease of 1,592 million JPY from the end of the previous fiscal year. This was mainly due to a decrease of 1,179 million JPY in deferred tax liabilities.

Net assets

Total net assets at the end of the 3Q of the current fiscal year decreased by 3,736 million JPY from the end of the previous fiscal year to 14,264 million JPY. This was mainly due to a decrease of 4,764 million JPY in valuation difference on other investment 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)

	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

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Unit: million JPY)

	FY2022 (30 September 2022)	3Q FY2023 (30 June 2023)
Assets		
Current assets		
Cash and deposits	9,551	10,128
Notes and accounts receivable	911	868
Operational investment securities	12,870	7,014
Products	2,225	2,587
Accounts receivable	1,257	1,650
Other	2,912	2,633
Allowance for doubtful accounts	△16	△17
Total current assets	29,713	24,864
Fixed assets		
Tangible Assets		
Buildings and structures	730	783
Accumulated depreciation	△394	△427
Buildings and structures, net	335	355
Tools, materials and supplies	242	265
Accumulated depreciation	△172	△185
Tools, materials and supplies, net	69	79
Other	38	42
Accumulated depreciation	△15	△18
Other, net	23	23
Total tangible assets	428	458
Intangible assets		
Goodwill	160	-
Other	319	287
Total intangible assets	479	287
Investments etc.		
Investment securities	2,741	2,913
Deferred tax assets	54	576
Other	492	512
Total investments etc.	3,287	4,001
Total fixed assets	4,196	4,748
Total assets	33,909	29,612

(Unit: million JPY)

	FY2022 (30 September 2022)	3Q FY2023 (30 June 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	373	46
Short-term loan	3,550	4,383
Current portion of long-term loans payable	900	400
Accounts payable-other	5,459	6,481
Deposits received	1,942	1,847
Income taxes payable	277	153
Other	911	1,136
Total current liabilities	13,415	14,447
Fixed liabilities		
Long-term loans payable	1,048	624
Deferred tax liabilities	1,210	30
Asset retirement obligations	212	222
Other	22	22
Total fixed liabilities	2,493	900
Total liabilities	15,908	15,348
Net assets		
Shareholders' equity		
Capital stock	2,775	2,775
Capital surplus	3,925	3,874
Retained earnings	5,367	6,305
Treasury Stock	△2,107	△2,088
Total shareholders' equity	9,962	10,868
Other accumulated comprehensive income		
Valuation difference on securities	6,620	1,855
Foreign currency translation adjustments	1,220	1,317
Total other accumulated comprehensive income	7,841	3,173
Share subscription rights	198	222
Total net assets	18,001	14,264
Total liabilities and net assets	33,909	29,612

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

Quarterly Consolidated Profit & Loss Statement
Consolidated Cumulative 3rd Quarter

(Unit: million JPY)

	3Q FY2022 (1 October 2021 – 30 June 2022)	3Q FY2023 (1 October 2022 – 30 June 2023)
Net sales	21,566	22,075
Cost of sales	12,374	10,920
Gross profit	9,191	11,154
Selling, general and administrative expenses	8,618	8,486
Operating income	573	2,667
Non-operating income		
Interest income	4	3
Foreign exchange gains	135	-
Subsidy income	3	1
Guarantee income	14	14
Other	54	26
Total non-operating income	212	45
Non-operating expenses		
Interest expenses	12	13
Equity in loss of affiliates	206	203
Foreign exchange losses	-	90
Commissions paid	5	1
Loss on investments in partnerships	10	18
Provision for allowance for doubtful accounts	11	-
Other	36	1
Total non-operating expenses	282	328
Ordinary income	503	2,384
Extraordinary income		
Dilution gain	73	-
Gain on sales of investment security	54	-
Gain on reversal of subscription rights to shares	5	5
Total extraordinary income	134	5
Extraordinary loss		
Loss on retirement of noncurrent assets	9	10
Impairment loss	-	139
Total extraordinary loss	9	149
Income (△) before income taxes and minority interests	627	2,240
Income taxes	474	972
Income taxes-deferred	80	19
Total income taxes	554	992
Income before income	72	1,248
Net profit attributable to owners of parent	72	1,248

Quarterly Consolidated Profit & Loss Statement
Consolidated Cumulative 3rd Quarter

(Unit: million JPY)

	3Q FY2022 (1 October 2021 – 30 June 2022)	3Q FY2023 (1 October 2022 – 30 June 2023)
Income before income	72	1,248
Other comprehensive income		
Valuation difference on securities	10,329	△4,765
Foreign currency translation adjustments	756	99
Share of other comprehensive (loss) income in associates	15	△1
Total other comprehensive income	11,101	△4,667
Quarterly Comprehensive income	11,174	△3,419
(Breakdown)		
Comprehensive income attributable to owners of parent	11,174	△3,419
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

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Calculation of Market Value)

The Company will apply the "Implementation Guidance on Accounting Standard for Calculation of Market Value" (ASBJ Guidance No. 31, 17 June 2021; hereinafter the "Guidance on Accounting Standard for Market Value Calculation") from the beginning of the 1Q of the current fiscal year, and apply the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Market Value Calculation in accordance with the transitional treatment stipulated in Article 27-2 of the Guidance on Accounting Standard for Market Value Calculation in the future. There is no impact on the quarterly consolidated financial statements.

(Segment Information, etc.)

[Segment Information]

I Previous Consolidated Cumulative 3rd Quarter(1 October 2021 – 30 June 2022)

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	Other Business	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal					
Net Sales									
Contract based income with customers	7,335	10,928	2,763	21,027	-	290	21,318	-	21,318
Other Earnings (Note)1	-	-	-	-	248	-	248	-	248
Sales to Customers	7,335	10,928	2,763	21,027	248	290	21,566	-	21,566
Internal Sales or Transfers Between Segments	10	188	0	198	-	351	550	△550	-
Total	7,346	11,116	2,763	21,226	248	642	22,117	△550	21,566
Segment Earnings	2,361	△6	△176	2,178	△215	△709	1,254	△680	573

(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 △680 Million JPY includes the deletion of inter-segment transactions of △453 Million JPY, company-wide revenue of 673 Million JPY, that is not distributed to each reporting segment, and company-wide cost of △900 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.

II Current Consolidated Cumulative 3rd Quarter (1 October 2022 – 30 June 2023)

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	Other Business	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal					
Net Sales									
Contract based income with customers	8,871	10,399	913	20,184	-	315	20,499	-	20,499
Other Earnings (Note)1	-	-	-	-	1,575	-	1,575	-	1,575
Sales to Customers	8,871	10,399	913	20,184	1,575	315	22,075	-	22,075
Internal Sales or Transfers Between Segments	24	73	0	97	-	251	348	△348	-
Total	8,895	10,472	913	20,281	1,575	566	22,424	△348	22,075
Segment Earnings	2,816	△17	△165	2,634	1,455	△689	3,400	△732	2,667

(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 △732 Million JPY includes the deletion of inter-segment transactions of △36 Million JPY, company-wide revenue of 252 Million JPY, that is not distributed to each reporting segment, and company-wide cost of △948 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 into 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 3Q have been recalibrated to reflect the changes in the aforementioned segments.