

Consolidated Financial Results (Japanese Accounting Standards)

For the Fiscal Year Ended 30 September 2023

7 November 2023

Company Name BEENOS Inc. Stock Exchange Listing Tokyo
 Stock Code 3328 URL <http://www.beenos.com>
 Representative President and Group CEO Shota Naoi
 Contact Executive Officer Hisanori Matsuda (TEL) 03-6859-3328
 Scheduled date of the Annual General Meeting of Shareholders 15DEC2023 Scheduled date of commencement of dividend payment 1DEC2023
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 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 2023

(1OCT2022 – 30SEP2023)

(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	%
FY2023	32,508	8.9	4,501	—	4,053	—	2,198	—
FY2022	29,846	△19.3	328	△80.5	212	△87.1	△211	—

(Note) Comprehensive Income FY2023 4,273 Mil. yen (—%) FY2022 7,583 Mil. yen (682.9%)

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Return on assets	Operating income margin
	Yen	Yen	%		%
FY2023	180.76	172.30	14.4	13.1	13.8
FY2022	△16.98	—	△1.5	0.8	1.1

(Reference) Equity in earnings FY2023 △236 Million yen FY2022 △287 Million yen
 (Note)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	27,911	13,010	45.8	1,060.34
FY2022	33,909	18,001	52.5	1,443.65

(Reference) Shareholders' equity FY2023 12,789 Million yen FY2022 17,803 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
FY2023	2,988	△726	△1,192	11,233
FY2022	1,572	△583	671	10,019

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
FY2022	—	0.00	—	25.00	25.00	309	—	2.1
FY2023	—	0.00	—	27.00	27.00	325	14.9	2.2
FY2024 (Forecast)	—	0.00	—	27.00	27.00		21.1	

(Note) 1. Changes in recently announced dividends forecast: No

3. Consolidated Forecasts for the Fiscal Year Ending 30 September 2024

(1 October 2023 – 30 September 2024)

(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
	33,620	3.4	2,830	△37.1	2,400	△40.8	1,560	△29.0	128.25

※ 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)

FY2023	12,876,995 Shares	FY2022	13,335,995 Shares
FY2023	814,966 Shares	FY2022	1,003,874 Shares
FY2023	12,163,375 Shares	FY2022	12,472,011 Shares

② Number of treasury shares at end of period

③ Average number of shares outstanding during the term

Note: The shares (8,300 shares in FY2023 and 58,800 shares in FY2022) owned by the Trust-type Employee Stock Ownership Incentive Plan (E-Ship) are included in the number of treasury shares at end of period. The shares owned by E-Ship are calculated by the year's average share price and are included in treasury shares to be deducted.

※ 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.

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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 the E-Commerce Business, Global Commerce endeavored to boost GMV by broadening the range of languages available and offering more cost-effective shipping choices, reinforced by vigorous marketing initiatives. Value Cycle sought to augment the volume of acquisitions and amplify sales via diversified outlets, thereby expanding revenue streams. Entertainment experienced a surge in GMV, attributable to merchandise sales at major events and the growing adoption of the Groobee platform. The Incubation Business recorded sales on its investment securities.

As a result, the annual consolidated net sales were 32,508 million JPY (up 8.9% year on year), operating income was 4,501 million JPY (FY2022 was 328 million JPY), ordinary income was 4,053 million JPY (FY2022 was 212 million JPY), and net income attributable to owners of parent was 2,198 million JPY (net losses attributable to owners of parent in FY2022 was 211 million JPY).

The consolidated GMV for FY2023 was 100.7 billion JPY (up 24.7% year on year) which put us over the top to achieve our goal of 100 billion JPY in GMV.

The book value for our operational investment securities at the end of September 2023 was 3.9 billion JPY (book value in September 2022 was 12.8 billion JPY). The market value at the end of September 2023 has fallen to 21.7 billion JPY (market value as of September 2022 was 30.0 billion JPY). The main reason for the decrease of the book value and market value are due to the sales of investments and down round fundraising conducted by investments.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 significant improvements in user experience through revisions to the fee structure, the launch of a high-bid auction feature, the addition of a post-payment option, and the introduction of a new, more economical shipping plan aimed at light parcels destined for the United States and Hong Kong through Buyee. Buyee implemented aggressive marketing campaigns, distributing discount coupons applicable to product prices and international shipping fees, culminating in a 35.8% year-over-year surge in GMV, further boosting user engagement. Buyee embarked on a collaborative venture with Delivered Korea Inc., an investee company, to facilitate cross-border e-commerce acquisitions from Korea, significantly diversifying the range of Korean merchandise offered on its platform. 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 "WILD-1 Online Store", operated by KANSEKI Co., Ltd., being one of the recent new partners.

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." However, sales dropped as external

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

factors such as the depreciation of the yen made it more difficult for users to purchase items from overseas.

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 12,087 million JPY (up 19.6% year on year) and operating income was 3,663 million JPY (up 10.7% year on year).

ii) Value Cycle Business

In our Apparel Reuse Business, we encountered a challenge with a reduced close rate over the term. However, dedicated efforts to enhance customer service starting from 3Q yielded positive results, culminating in a notable improvement in in-store close rates. This momentum carried through to 4Q, which recorded the highest purchase volume in any quarter thus far. On the sales front, vigorous efforts in 4Q resulted in the highest sales for any quarter on record. Despite this peak, the overall term was impacted by a transient dip in inventory levels, stemming from staffing shortages in listing operations and challenges in procurement. Furthermore, there was a year-over-year dip in sales volume, exacerbated by a reduction in the handling of luxury watches, which was attributed to a market slump and a consequent fall in the average sale price per unit.

In the Liquor Mediation Business, strategic initiatives to boost acquisitions have borne fruit, notably through the launch of targeted purchase campaigns and the adoption of competitive pricing strategies. These efforts have been particularly effective for whiskey, leading to a significant uptick in acquisition volumes. On the sales front, while the domestic market experienced a downtrend in unit sales prices, the company pivoted effectively by concentrating on the sale of domestic whiskey and wine. This strategic shift not only compensated for the lower prices but also facilitated an overall increase in sales for the fiscal year.

As a result, net sales were 15,031 million JPY (down 0.3% year on year) and operating losses were 53 million JPY (operating income in FY2022 was 199 million JPY).

iii) Entertainment Business

The Entertainment Business experienced a notable surge in GMV, propelled by the successful execution of large-scale events and concerts. This was further amplified by the strategic realignment of "Groobee," an EC platform specifically crafted for the entertainment sector, which transitioned into this segment from the Incubation Business. Groobee's adoption rate accelerated considerably, as evidenced by the onboarding of "ASOBIMALL" which is a mall-type online store selling merchandise for artists, celebrities and social media influencers that are signed with ASOBISYSTEM Co., Ltd. as well as "Anime Times Store," managed by The Anime Times Company, marking the platform's implementation across over 100 sites. Concurrently, concerted efforts to enhance UI and UX on existing e-commerce sites, along with the integration of online lotteries, resulted in marked improvements in user engagement and sales. These initiatives collectively yielded a robust 45.2% increase in GMV.

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 1,456 million JPY (down 65.5% year on year) and operating losses were 104 million JPY (operating losses in FY2022 was 303 million JPY).

For the E-Commerce Business as a whole, net sales were 28,575 Million JPY (down 2.9% year on year) and operating income was 3,505 Million JPY (up 9.4% year on year).

②Incubation Business

The Investment and Consultation Business sold off some of its investment securities for roughly 3,469 million JPY.

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 3,709 million JPY (net sales in FY2022 were 296 million JPY) and operating income was 2,972 million JPY (operating losses in FY2022 was 917 million JPY).

The book value for our operational investment securities at the end of September 2023 was 3.9 billion JPY (book value as of September 2022 was 12.8 billion JPY). The market value at the end of September 2023 was 21.7 billion JPY (market value as of September 2022 was 30.0 billion JPY). The main reason for the decrease of the book value and market value are due to the sales of investments and down round fundraising conducted by investments.²

③Other Businesses

The Cross Border EC Support Business is empowering Japanese companies to establish and manage their storefronts on prominent overseas marketplaces, such as "Shopee" in Southeast Asia. This strategy is devised to bolster sales across these platforms, in line with our commitment to facilitating global commerce.

The Travel Business is broadening its array of services with the development of reservation systems tailored for inbound visitors, catering to the boosting tourism market. The "FanVas" shuttle service, which provides a vital link between concert venues and train stations, has now been augmented with new packages that include accommodation options. These packages are designed to enhance the overall convenience for users, adding value to their experience.

The SaaS-type Cross Border HR Platform "Linkus" is at the forefront of integrating technology with the recruitment of international talent. The platform is not only facilitating the employment of specific skilled workers — a sector poised for growth — but is also constantly evolving with the integration of new features. This continual enhancement of "Linkus" underscores our commitment to streamlining the employment process for overseas talent and contributing to a more dynamic, interconnected workforce.

As a result, net sales were 727 million JPY (down 11.9% year on year) and operating losses were 1,018 million JPY (operating losses in FY2022 were 1,022 Million JPY).

(2) Financial Status Report

Financial Status Analysis

Assets

Total assets at the end of the fiscal year under review decreased 5.998 billion JPY from the end of the previous fiscal year to 27.911 billion JPY.

Current assets totaled 22.733 billion JPY, a decrease of 6.98 billion JPY from the end of the previous fiscal year. This was mainly due to changes in stock prices of listed stocks and a decrease of 8.872 billion JPY in operational investment securities accompanying sales.

On the other hand, total non-current assets were 5.178 billion JPY, an increase of 981 million JPY from the end of the previous fiscal year. This was mainly due to an increase of 242 million JPY in investment securities, 856 million JPY in deferred tax assets, and a decrease of 160 million JPY in goodwill.

Liabilities

Total liabilities at the end of the fiscal year under review decreased by 1.006 billion JPY from the end of the previous fiscal year to 14.901 billion JPY.

The breakdown shows that total current liabilities were 14.06 billion JPY, an increase of 645 million JPY from the end of the previous fiscal year. This was mainly attributable to an increase of 700 million JPY in short-term loans payable, an increase of 1.362 billion JPY in accounts payable, a decrease of 945 million JPY in deposits

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.

received, 319 million JPY in notes and accounts payable, and a decrease of 252 million JPY in current portion of long-term loans payable.

On the other hand, total non-current liabilities were 841 million JPY, a decrease of 1.652 billion JPY from the end of the previous fiscal year. The main contributory factors were 914 million JPY in deferred tax liabilities (a decrease of 1.138 billion JPY due to the sale of listed shares) and a decrease of 748 million JPY in long-term debt.

Net assets

Total net assets at the end of the fiscal year under review decreased 4.991 billion JPY from the end of the previous fiscal year to 13.01 billion JPY. This was mainly due to an increase of 1.888 billion JPY in retained earnings, an increase of 540 million JPY in treasury stock, and a decrease of 6.836 billion JPY in valuation difference on available-for-sale securities.

(3) Cash Flow Report

Cash and cash equivalents (hereinafter referred to as "cash") in the consolidated fiscal year under review increased by 1.214 billion JPY from the previous consolidated fiscal year to 11.233 billion JPY.

The status of each cash flow in the current consolidated fiscal year and the factors behind them are as follows.

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

During the fiscal year under review, net cash provided by operating activities was 2.988 billion JPY, compared with an increase of 1.572 billion JPY in the previous fiscal year. The main components of the increase were an increase of 1.354 billion JPY in accounts payable-other, an increase of 3.782 billion JPY due to the recording of income before income taxes and minority interests, an increase of 754 million JPY in income taxes refunds, and a decrease of 2.72 billion JPY in income taxes paid.

(Net cash provided by investment activities)

During the fiscal year under review, net cash used in investing activities was 726 million JPY (compared with a decrease of 583 million JPY in the previous fiscal year). Major outflows included purchases of investment securities of 501 million JPY, purchases of property, plant and equipment of 91 million JPY, and purchases of intangible assets of 99 million JPY.

(Cash flow from financing activities)

During the fiscal year under review, net cash used in financing activities was 1.192 billion JPY, compared with an increase of 671 million JPY in the previous fiscal year. Major outflows included repayments of long-term loans payable of 1 billion JPY, purchase of treasury stock of 794 million JPY, and increase in short-term loans payable of 700 million JPY.

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Capital Ratio (%)	45.3	48.3	51.7	52.5	45.8
Market Value based Capital Ratio (%)	79.1	98.5	185.4	84.8	71.6
Years of Debt Redemption	-	0.6	-	3.5	1.7
Interest Coverage Ratio	-	554.9	-	92.9	168.7

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 FY2019 and FY2021 are not calculated because operating cash flow was negative

(4) Explanation of Outlook for the Future

Our vision is to establish ourselves on the "Global Platform Frontier," a catalyst for connecting people, products, and information within the global commerce arena. For FY2024, we are setting our sights on advancing our capabilities and refining our services across each segment. By doing so, we are not only targeting an uptick in sales and operating profits but are also fervently committed to the inception and cultivation of new business ventures.

(Unit: billion JPY)

	E-Commerce Business				Incubation	Other Businesses	Adjustments	Consolidated
	Global Commerce	Value Cycle	Entertainment	Total				
GMV	83.5	16.7	15.4	115.6		2.1	▲0.2	117.7
YoY	+18.1%	+12.2%	+6.7%	+15.6%		+88.4%	-	+16.6%
Net Sales	13.9	16.7	1.6	32.26	0.35	1.07	▲0.58	33.6
YoY	+15.0%	+11.1%	+14.0%	+12.9%	▲90.4%	+118.6%	-	+3.4%
Segment Income	4.18	0.32	0.07	4.57	0.0	▲0.62	▲1.03	2.83
YoY	+14.1%	-	-	+30.4%	▲100.0%	-	-	▲37.1%
(Reference) FY2023 Results								
GMV	70.6	14.8	14.4	99.96	-	1.1	▲0.4	100.7
Net Sales	12.0	15.0	1.4	28.57	3.7	0.7	▲0.5	32.5
Segment Income	3.6	▲0.05	▲0.1	3.50	2.9	▲1.0	▲0.95	4.5

① Global Commerce

We are committed to broadening our distribution reach by initiating well-planned campaigns and enhancing services, including tailored delivery options for different countries and regions. We will leverage AI to improve UX and to streamline operations, aiming to achieve a harmonious balance between user convenience and profitability. Although we anticipate an upsurge in demand due to the persistent weakness of the yen, we remain cautious of potential risks such as disruptions in the international delivery network arising from global geopolitical events.

② Value Cycle

Our objective in the Apparel Reuse Business is to bolster the close rate within our stores, with a strategic plan to open new stores, particularly in metropolitan areas. On the sales front, we intend to fortify our domestic and international channels, with a concentrated effort on enhancing our proprietary sales platforms and SEO to augment profitability. In the Liquor Mediation Business, we are determined to amplify our purchasing and sales volumes, propelled by the opening of new stores and improved in-store procurement strategies.

③ Entertainment

The entertainment tailored EC platform "Groobee," will strive to grow our roster of client companies and pursue service advancements and functional enhancements that cater to the unique demands of the entertainment industry. We are laying the groundwork for future expansion while concurrently enhancing profitability through systematic operational efficiency. Moreover, we are targeting consistent generation of profit from our existing artist support division.

④ Incubation

We will appropriately advance the sale of shares in the secondary market since most of the shares we hold are unlisted.

⑤ Other Businesses

In the Cross Border EC Support Business, we remain dedicated to channeling resources towards supporting Japanese companies in launching and managing storefronts on major international marketplaces. As for our other businesses, we are set to move forward with business development, all the while exercising prudent cost control.

(5) Basic Policy of Distribution of Profits and Dividends for FY2023 and FY2024

The Company prioritizes shareholder dividends as a key aspect of our management strategy. We are dedicated to enlarging our operational foundation and fortifying our financial structure, ensuring the provision of steady and sustained dividends. We aim to maintain this commitment without resorting to reductions, even amid fluctuations in our financial performance.

For FY2023, we have thoroughly evaluated the E-Commerce business outcomes, our consolidated financial condition, and the necessity to retain internal reserves for future business expansion. Consequently, we have resolved to distribute a dividend of 27 yen per share. This figure represents a 2 yen increase from the preceding fiscal year's dividend. The consolidated dividend payout ratio for the present fiscal year is thus 14.9%, with an aggregate return ratio, inclusive of treasury stock acquisitions, reaching 50.9%.

Looking ahead to FY2024, we are planning to uphold the dividend at 27 yen per share, continuing our commitment to providing consistent shareholder returns.

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)

	FY2022 (30 September 2022)	FY2023 (30 September 2023)
Assets		
Current assets		
Cash and deposits	9,551	10,648
Notes and accounts receivable	911	1,367
Operational investment securities	12,870	3,998
Products	2,225	2,650
Accounts receivable	1,257	1,211
Consumption tax refunds receivable	1,138	1,611
Other	1,773	1,317
Allowance for doubtful accounts	△16	△73
Total current assets	29,713	22,733
Fixed assets		
Tangible Assets		
Buildings and structures	730	783
Accumulated depreciation	△394	△439
Buildings and structures, net	335	344
Tools, materials and supplies	242	271
Accumulated depreciation	△172	△196
Tools, materials and supplies, net	69	75
Other	38	42
Accumulated depreciation	△15	△19
Other, net	23	22
Total tangible assets	428	442
Intangible assets		
Goodwill	160	-
Software	318	297
Other	0	0
Total intangible assets	479	297
Investments etc.		
Investment securities	2,741	2,983
Deferred tax assets	54	910
Other	492	544
Total investments etc.	3,287	4,438
Total fixed assets	4,196	5,178
Total assets	33,909	27,911

(Unit: million JPY)

	FY2022 (30 September 2022)	FY2023 (30 September 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	373	54
Short-term loan	3,550	4,250
Current portion of long-term loans payable	900	647
Accounts payable-other	5,459	6,822
Deposits received	1,942	996
Income taxes payable	277	254
Other	911	1,034
Total current liabilities	13,415	14,060
Fixed liabilities		
Long-term loans payable	1,048	300
Deferred tax liabilities	1,210	295
Asset retirement obligations	212	223
Other	22	22
Total fixed liabilities	2,493	841
Total liabilities	15,908	14,901
Net assets		
Shareholders' equity		
Capital stock	2,775	2,775
Capital surplus	3,925	2,954
Retained earnings	5,367	7,256
Treasury Stock	△2,107	△1,566
Total shareholders' equity	9,962	11,421
Other accumulated comprehensive income		
Valuation difference on securities	6,620	△215
Foreign currency translation adjustments	1,220	1,584
Total other accumulated comprehensive income	7,841	1,368
Share subscription rights	198	220
Total net assets	18,001	13,010
Total liabilities and net assets	33,909	27,911

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

(Unit: million JPY)

	FY 2022 (1 October 2021~ 30 September 2022)	FY 2023 (1 October 2022~ 30 September 2023)
Net sales	29,846	32,508
Cost of sales	17,856	16,536
Gross profit	11,989	15,972
Selling, general and administrative expenses	11,661	11,470
Operating income	328	4,501
Non-operating income		
Interest income	5	5
Foreign exchange gains	180	-
Subsidy income	4	1
Guarantee income	18	18
Other	62	33
Total non-operating income	271	58
Non-operating expenses		
Interest expenses	16	17
Equity in loss of affiliates	287	236
Foreign exchange losses	-	219
Commissions paid	5	3
Loss on investments in partnerships	7	14
Provision for allowance for doubtful accounts	11	-
Other	57	14
Total non-operating expenses	387	506
Ordinary income	212	4,053
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	5	11
Total extraordinary income	224	11
Extraordinary losses		
Impairment loss	-	139
Loss on retirement of noncurrent assets	15	10
Provision for loss on guarantees	-	132
Total extraordinary loss	15	282
Income before income taxes	421	3,782
Income taxes	767	1,887
Income taxes-deferred	△134	△303
Total income taxes	633	1,583
Net income (△)	△211	2,198
Net income (△) attributable to owners of parent	△211	2,198

Consolidated Statements of Comprehensive Income

(Unit: million JPY)

	FY 2022 (1 October 2021~ 30 September 2022)	FY 2023 (1 October 2022~ 30 September 2023)
Net income (△)	△211	2,198
Other comprehensive income		
Valuation difference on securities	6,845	△6,836
Foreign currency translation adjustments	919	361
Share of other comprehensive (loss) income in associates	29	3
Total other comprehensive income	7,795	△6,472
Comprehensive income	7,583	△4,273
(Breakdown)		
Comprehensive profit attributable to owners of the parent	7,583	△4,273
Comprehensive income attributable to noncontrolling interests	-	-

(3) Statement of Changes in Net Assets

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 year	-	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 accumulated amount		
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 year	6,845	949	7,795	62	6,605
Closing balance	6,620	1,220	7,841	198	18,001

For FY2023 (1 October 2022 to 30 September 2023)

(Unit: million JPY)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury Stock	Total shareholders' equity
Opening balance	2,775	3,925	5,367	△2,107	9,962
Change during the year					
Dividend of surplus			△309		△309
Profit attributable to owners of parent			2,198		2,198
Purchase of treasury stock				△794	△794
Disposal of treasury stock		△80		444	364
Retirement of treasury stock		△890		890	-
Net change in items other than shareholders' equity					-
Total changes during the year	-	△971	1,888	541	1,458
Closing balance	2,775	2,954	7,256	△1,566	11,421

	Other accumulated comprehensive income			Share subscription rights	Total net assets
	Securities Valuation	Foreign currency translation adjustments	Other comprehensive income Total accumulated amount		
Opening balance	6,620	1,220	7,841	198	18,001
Change during the year					
Dividend of surplus					△309
Profit attributable to owners of parent					2,198
Purchase of treasury stock					△794
Disposal of treasury stock					364
Retirement of treasury stock					-
Net change in items other than shareholders' equity	△6,836	364	△6,472	22	△6,450
Total changes during the year	△6,836	364	△6,472	22	△4,991
Closing balance	△215	1,584	1,368	220	13,010

(4) Consolidated Statements of Cash Flows

(Unit: million JPY)

	FY 2022 (1 October 2021~ 30 September 2022)	FY 2023 (1 October 2022~ 30 September 2023)
Net cash provided by (used in) operating activities		
Income before income taxes	421	3,782
Depreciation and amortization	195	206
Impairment loss	-	139
Amortization of goodwill	105	60
Stock-based Compensation Expense	169	116
Increase in allowance for doubtful accounts (Decrease:△)	11	56
Increase in allowance loss on guarantees (Decrease:△)	-	132
Interest and dividends income	△5	△5
Interest expenses	16	17
Foreign exchange losses (Gains:△)	△2	△83
Profit/loss (Gain) on Sales of Investment Securities. (△)	△54	-
Equity in losses of affiliates (Gains:△)	287	236
Loss on investments in partnership (Gains:△)	7	14
Gain (loss) on change in equity (△: profit)	△129	-
Gain on reversal of subscription rights to shares	△5	△11
Loss on retirement of noncurrent assets	15	10
Decrease in notes and accounts receivable- trade (Increase:△)	△24	△494
Increase in operational investment securities (Increase: △)	△49	332
Decrease in inventory (Increase:△)	353	△425
Increase (decrease) in accounts receivable- other (increased by △)	△174	53
Increase in notes and accounts payable-trade (Decrease:△)	148	△319
Increase in accounts payable-other (Decrease: △)	1,861	1,354
Increase in deposits received (Decrease:△)	442	△272
Increase in consumption taxes payable (Decrease:△)	△12	△13
Other	△358	17
Subtotal	3,218	4,907
Interest and dividend received	7	65
Interest expenses paid	△16	△17
Income taxes refunded	5	754
Income taxes paid	△1,641	△2,720
Net cash provided by (used in) operating activities	1,572	2,988
Cash flow from investing activities		
Purchase of property, plant and equipment	△157	△91
Purchase of intangible assets	△161	△99
Purchase of investment securities	△298	△501
Proceeds from sale of investment securities	59	-
Payments for lease and guarantee deposits	△87	△39
Proceeds from collection of lease and guarantee deposits	28	15
Lending of loans receivable	-	△60
Proceeds from distributions from investment partnerships	35	50
Other	△3	-
Cash flow from investing activities	△583	△726

(Unit: million JPY)

	FY 2022 (1 October 2021~ 30 September 2022)	FY 2023 (1 October 2022~ 30 September 2023)
Cash flow from financing activities		
Increase in short-term loans payable (Decrease:△)	1,950	700
Proceeds from long-term debt	300	-
Repayment of long-term loans payable	△389	△1,000
Proceeds from exercise of stock options	11	109
Purchase of treasury stock	△969	△794
Sales of treasury stock	89	101
Cash dividends paid	△320	△309
Cash flow from financing activities	671	△1,192
Effect of exchange rate change on cash and cash equivalents	218	145
Net increase in cash and cash equivalents(Decrease:△)	1,878	1,214
Cash and cash equivalents at the beginning of the year	8,141	10,019
Cash and cash equivalents at the year-end	10,019	11,233

(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 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 referred to as the "Guidance on Accounting Standard for Market Value Calculation") from the beginning of the fiscal year under review, 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 consolidated financial statements.

(Segment Information)

1. Overview of Reportable Segments

Selection of Reportable Segment

The Group's reporting segments, which consist of units within the group for which separate financial information is available, are subject to regular review by the board of directors to decide on the allocation of management resources and evaluate performance.

The Group has organized its segments by business area and reports them as three main segments: "E-commerce Business," "Incubation Business," and "Other Businesses."

The content of the services belonging to 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
Other Businesses		Pre-Monetized Start-up Business

Changes in Reportable Segment

The Group had structured its segments by business domain, with "E-commerce Business" and "Incubation Business" being the two reporting segments.

The "Incubation Business" was previously comprised of two categories: "Investment and Consultation Business" and "Pre-Monitized Start-up Business." Given their growing impact on our consolidated performance, we have determined that it is necessary to enhance transparency and provide a clearer picture of the financial contributions from each segment. Consequently, we have made the decision to report "Pre-Monitized Start-up Business" as individual segments, separate from the "Incubation Business."

The "Investment and Consultation Business" will continue to be included within the "Incubation Business" segment. However, businesses previously labeled as "Pre-Monitized Start-up Business" will now be categorized under "Other Businesses," in recognition of their respective scales.

Moreover, two ventures that were part of the "Incubation Business," the fashion-specific Cross Border E-Commerce business (FASBEE) and the entertainment industry focused EC platform business (Groobee), have matured to the extent that their establishment as stand-alone businesses is imminent. As such, these will now fall

under the "E-commerce Business" segment, specifically within the "Global Commerce" and "Entertainment" subdivisions, respectively.

To maintain consistency and comparability, we have retroactively applied this new segmentation to the data from the previous consolidated fiscal year, ensuring that all reported figures are aligned with the current structure.

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

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	Other Businesses	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal					
Net sales									
Sales to customers	10,073	14,869	4,222	29,165	-	383	29,549	-	29,549
Intersegment sales*1	-	-	-	-	296	-	296	-	296
Sales to customers	10,073	14,869	4,222	29,165	296	383	29,846	-	29,846
Intersegment sales	36	211	0	247	-	441	689	△689	-
Total	10,110	15,080	4,222	29,413	296	825	30,535	△689	29,846
Segment profit (loss) (△)	3,308	199	△303	3,205	△917	△1,022	1,265	△936	328
Segment assets	8,192	4,765	3,055	16,014	13,173	1,123	30,311	3,598	33,909
Segment liabilities	6,474	1,149	3,378	11,002	2,316	2,420	15,740	168	15,908
Other items									
Depreciation and amortization	46	47	66	160	-	22	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	72	257	-	34	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 $\triangle 936$ Million JPY includes the deletion of inter-segment transactions of $\triangle 3,765$ Million JPY, company-wide revenue of 4,064 Million JPY, that is not distributed to each reporting segment and company-wide costs of $\triangle 1,235$ 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.
3. Segment profits are adjusted in the operating income of the Consolidated Profit & Loss Statement
4. The Adjustment of Segment Assets of 3,598 Million JPY include corporate-wide assets of 13,612 Million JPY and elimination of transactions between segments of $\triangle 10,014$ 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).

FY2023 (1 October 2022 ~ 30 September 2023)

(Unit: million JPY)

	Reporting Segment							Adjustments *2, 4	Recorded Amount on Consolidat ed Profit & Loss Statement *3
	E-Commerce Business				Incubation Business	Other Business es	Total		
	Global Commer ce	Value Cycle	Entertai nment	Subtotal					
Net sales									
Sales to customers	12,044	14,921	1,454	28,420	-	379	28,799	-	28,799
Intersegment sales*1	-	-	-	-	3,709	-	3,709	-	3,709
Sales to customers	12,044	14,921	1,454	28,420	3,709	379	32,508	-	32,508
Intersegment sales	43	109	1	154	-	348	503	△503	-
Total	12,087	15,031	1,456	28,575	3,709	727	33,012	△503	32,508
Segment profit (loss) (△)	3,663	△53	△104	3,505	2,972	△1,018	5,460	△958	4,501
Segment assets	10,948	5,441	1,808	18,198	6,728	681	25,607	2,303	27,911
Segment liabilities	9,241	3,512	2,162	14,916	1,087	2,868	18,872	△3,970	14,901
Other items									
Depreciation and amortization	39	55	78	174	-	23	197	8	206
Amortization of goodwill	-	36	-	36	-	23	60	-	60
Equity method investments	-	-	-	-	148	-	148	21	170
Increase in property, plant and equipment, and intangible assets	19	53	63	136	-	18	154	35	189

*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 △958 Million JPY includes the deletion of inter-segment transactions of △3,564 Million JPY, company-wide revenue of 3,868 Million JPY, that is not distributed to each reporting segment and company-wide costs of △1,262 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 2,303 Million JPY include corporate-wide assets of 17,813 Million JPY and elimination of transactions between segments of △15,509 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)

FY2022 (1 October 2021 ~ 30 September 2022)

Not Applicable

FY2023 (1 October 2022 ~ 30 September 2023)

(Unit: million JPY)

	Reporting Segment							Adjustments	Total
	E-Commerce Business				Incubation Business	Other Business es	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal					
Impairment Loss	—	—	—	—	—	139	139	—	139

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

FY2022 (1 October 2021 ~ 30 September 2022)

(Unit: million JPY)

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

FY2023 (1 October 2022 ~ 30 September 2023)

(Unit: million JPY)

	Reporting Segment							Adjustments	Total
	E-Commerce Business				Incubation Business	Other Business es	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal					
Amortization of current term Closing balance	—	36	—	36	—	23	60	—	60
	—	—	—	—	—	—	—	—	—

(Information on Gain on Negative Goodwill by Reportable Segment)

Not applicable

(Information per share)

	FY2022	FY2023
Net assets per share	JPY1,443.65	JPY1,060.34
Net Income (△) Per Share or Net Loss per Share	△16.98JPY	180.76JPY
Diluted net income per share	-	172.30JPY

(NOTE) 1. Diluted net income per share for the previous fiscal year 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	FY2022	FY2023
Total net assets (million JPY)	18,001	13,010
Amount deducted from total net assets (million JPY)	198	220
(Including non-controlling interests (million JPY))	-	-
(of which, subscription rights to shares (million JPY))	(198)	(220)
Net assets attributable to common stock at end of year (million JPY)	17,803	12,789
Number of shares of common stock issued (shares)	13,335,995	12,876,995
Number of treasury shares of common stock (shares)	1,003,874	814,966
Number of shares of common stock used in calculation of net assets per share (shares)	12,332,121	12,062,029

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

	FY2022	FY2023
Net Income (△) Per Share or Net Loss per Share		
Net income (△) attributable to owners of parent (Millions of yen)	△211	2,198
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)	△211	2,198
Average number of shares of common stock outstanding during the period (shares)	12,472,011	12,163,375
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)	664,351	597,642
(Of which, convertible bonds with stock acquisition rights (shares))	-	-

(Stock acquisition rights (shares))	(664,351)	(597,642)
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) 462	14 th Paid Stock Option (Equity Warrant) 326

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

80,956 shares in the previous fiscal year and 37,894 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

58,800 shares in the previous fiscal year and 8,300 shares in the current fiscal year

(Important Subsequent Events)

Not Applicable