

Consolidated Financial Results (Japanese Accounting Standards)

For the First Quarter Ended 31 December 2023

8 February 2024

Company Name BEENOS Inc. Stock Exchange Listing Tokyo
 Stock Code 3328 URL <http://www.beenos.com>
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 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 2023

(1 October 2023 – 31 December 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	%
1Q FY2024	7,927	13.6	49	△93.6	△31	—	25	△93.6
1Q FY2023	6,975	2.3	764	830.3	588	—	398	—

(Note) Comprehensive Income 1Q FY2024 △318Mil. yen (—%) 1Q FY2023 △4,808Mil. yen[†] —%

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
1Q FY2024	2.13	2.08
1Q FY2023	32.28	30.45

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q FY2024	27,713	12,401	43.9	1,008.69
FY2023	27,911	13,010	45.8	1,060.34

(Reference) Shareholders' equity 1Q FY2024 12,179 Million yen FY2023 12,789 Million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	—	0.00	—	27.00	27.00
FY2024	—				
FY2024 (Forecast)		0.00	—	27.00	27.00

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

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

(1 October 2023 – 30 September 2024)

(% 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
FY2024	33,620	3.4	2,830	△37.1	2,400	△40.8	1,560	△29.0	128.25

(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)

FY2024 1Q	12,876,995 Shares	FY2023	12,876,995 Shares
FY2024 1Q	802,904 Shares	FY2023	814,966 Shares
FY2024 1Q	12,070,562 Shares	FY2023 1Q	12,351,316 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 8,300 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 is committed to becoming a leader on the "Global Platform Frontier," setting new standards and unlocking possibilities by fusing people, products, and information with the global commerce market. This ambition is fueled by leveraging technological advancements and our comprehensive expertise in global commerce.

For this fiscal year, we are concentrating on tailored strategies for each of our business segments to attain our objectives. Our goal in Global Commerce is to broaden our distribution channels by enhancing the Buyee service with AI technology, reducing operational costs, and engaging in vigorous promotional efforts. In Value Cycle, we intend to increase profit margins by launching new purchasing outlets and employing data-driven strategies to buy and sell at optimal prices. Our focus in Entertainment is on boosting profit margins through the systematization and automation of operations.

During FY2024 1Q, our E-commerce Business experienced notable growth across its segments. In the Global Commerce sector, the implementation of cost-effective campaigns significantly increased total GMV and enhanced profit margins. The Value Cycle segment saw the opening of new purchasing stores and the execution of targeted marketing initiatives, coupled with enhancements in customer service quality, which collectively boosted purchase volumes and secured a higher rate of repeat customers. Meanwhile, the Entertainment segment advanced by expanding its lineup of new artists on Groobee and focusing on the systematization of internal operations. In the Incubation business, although there were no sales of operating investment securities during this period, provisions and impairments were recognized in response to changes in the valuation of these securities.

As a result, the consolidated GMV was 28,770 mil JPY (up 25.6% year on year), net sales were 7,927 mil JPY (up 13.6% year on year), operating income was 49 mil JPY (down 93.6% year on year), ordinary losses were 31 mil JPY (ordinary income in FY2023 1Q was 588 mil JPY), and net income attributable to owners of parent was 25 mil JPY (down 93.6% year on year).

The achievements of each business segment are as follows.

① E-Commerce Business

i) Global Commerce Business

In the Overseas Forwarding and Proxy Purchasing Business (From Japan) via our Buyee platform, we initiated more cost-effective campaigns than last year, which significantly expanded our GMV and enhanced our profit margins compared to FY2023 4Q. The effectiveness of these campaigns was notably seen through discounts on product prices across various e-commerce sites and product categories with which we collaborate, playing a key role in broadening our distribution reach. In an effort to boost user convenience, we improved the Buyee site's loading speed and expanded its search capabilities using AI, in addition to making UI/UX enhancements. Moreover, we took steps to lower operation costs and server expenses, aiming to operate with a heightened focus on maintaining a healthy operating profit margin in relation to GMV.

In our Global Shopping Business (TO JAPAN), we aimed to expand distribution by enhancing marketing efforts, including campaigns for repeat customers and SEO strategies. However, the continued trend of a weaker yen affected our operations, leading to a sustained decrease in user demand.

As a result, GMV was 21,309 mil JPY (up 28.7% year on year), net sales were 3,380 mil JPY (up 12.6% year on year) and operating income was 976 mil JPY (down 4.4% year on year).

ii) Value Cycle Business

In the Apparel Reuse Business, focusing on the acquisition of high-priced items, such as luxury brand products, we further expanded our specialty purchase store "Brandear" by opening the "Nakano Minami-guchi Station Store" in December 2023. This new store increased our presence to nine locations in the metropolitan area and 16 across Japan. The Nakano store not only specializes in branded goods but also capitalizes on the synergy within the BEENOS Group by purchasing alcoholic beverages, enhancing the store's product range. The growth in repeat customers, spurred by effective marketing strategies like SEO and MEO, along with service improvements in-store, led to the highest quarterly purchase amount recorded so far.

On the sales front, leveraging the strong purchasing performance from last year, we engaged in vigorous sales activities, utilizing a rich inventory to boost sales revenue. Sales flourished particularly through our own channels, with luxury brand bags and high-end watches contributing significantly to the revenue. However, despite the increase in sales, the gross margin on operating profit saw a decrease. This was due to the sale of some high-priced items below their expected sales price, influenced by a downward trend in the market prices for certain items and a strategy aimed at ensuring rapid inventory turnover.

In the Liquor Mediation Business, the launch of diverse purchase campaigns aimed at boosting purchase volumes significantly increased the acquisition of pivotal products like domestic whiskey and wine, leading to a comprehensive enhancement in purchase volumes.

Sales-wise, whiskey and wine, which experienced strong purchasing, showcased excellent sales performance, bolstering overall results. Specifically, for domestic whiskey, despite market shifts caused by rising market prices, we achieved consistent sales by regularly adjusting our prices to ensure transactions were conducted at fair market values.

As a result, GMV was 4,116 mil JPY (up 25.5% year on year), net sales were 4,181 mil JPY (up 26.3% year on year) and operating losses were 117 mil JPY (operating income in FY2023 1Q was 13 mil JPY).

iii) Entertainment Business

In our Entertainment Business, strategically organized performances and seasonal events tailored for the artists we represent have seamlessly driven merchandise sales and CD distributions, resulting in an uplift in overall GMV.

Our entertainment industry-specific EC platform, Groobee, experienced a steady growth in the number of companies adopting the platform during the first quarter. Notable achievements include the launch of an official online store featuring tour merchandise for the acclaimed artist "Ado" and the commencement of production and operational support for the shopping site of the beloved anime "Natsume's Book of Friends." As the platform welcomed more adopting companies, we have focused on enhancing systematization across various operational aspects to mitigate the internal workload associated with this expansion.

As a result, GMV was 3,189 mil JPY (up 14.8% year on year), net sales were 330 mil JPY (up 3.8% year on year) and operating losses were 39 mil JPY (operating losses in FY2023 1Q were 39 mil JPY).

For the E-Commerce Business as a whole, GMV was 28,603 mil JPY (up 26.5% year on year), net sales were 7,892 mil JPY (up 19.0% year on year) and operating income was 818 mil JPY (down 17.8% year on year).

②Incubation Business

The Incubation Business incurred impairment losses due to the devaluation of some of its investment securities during 1Q.

As a result, net sales were - mil JPY (net sales in FY2023 1Q were 262 mil JPY) and operating losses were 221 mil JPY (operating income in FY2023 1Q was 209 mil JPY).

③ Other Businesses

In our Cross-Border E-Commerce Support Business, we offer a comprehensive suite of one-stop services for Japanese companies aiming to penetrate major international marketplaces like "Shopee" and "eBay." Our offerings cover everything from store setup and customer support to international shipping and payment processing. Last year marked the commencement of our support for the automated integration of "magi," a trading card specialized flea market site, with eBay.

In the domain of our SaaS-based Cross-Border HR Platform Business, the first quarter saw the introduction of "Linkus," a specialized skill support management system, to restaurant management companies among others. Additionally, in response to the growing employment of foreign nationals with specific skills, we have broadened our consulting services for registered support organizations, which have experienced a surge in new registrations.

As a result, GMV was 213 mil JPY (down 42.2% year on year), net sales were 173 mil JPY (down 8.4% year on year) and operating losses were 264 mil JPY (operating losses in FY2023 1Q were 224 mil JPY).

(2) Financial Status Report

① Financial Status Analysis

Assets

Total assets at the end of the 1Q of the current fiscal year decreased 197 mil JPY from the end of the previous fiscal year, resulting in a 27,713 mil JPY.

The breakdown shows an 22,598 mil JPY in total current assets. This is a decrease in 134 mil JPY compared to the end of the previous fiscal year. This was mainly due to a 779 mil JPY in accounts receivable-other, an increase in 1,235 mil JPY such as consumption tax receivable, a 1,947 mil JPY in cash and deposits, and a decrease in notes and accounts receivable 429 mil JPY.

In addition, total fixed assets were 5,115 mil JPY, a decline in 63 mil JPY compared to the end of the previous fiscal year. This was mainly due to a decrease in 119 mil JPY of trust accounts included in investment securities 91 mil JPY and others, and an increase in 109 mil JPY deferred tax assets.

Liabilities

Total liabilities at the end of the 1Q of the current fiscal year increased 410 mil JPY from the end of the previous fiscal year, resulting in 15,311 mil JPY.

The breakdown shows an 14,819 mil JPY in total current liabilities, which increased 759 mil JPY compared to the end of the previous fiscal year. This was mainly due to an increase in 722 mil JPY on deposits received.

On the other hand, total long-term liabilities were 492 mil JPY, a decline in 349 mil JPY compared to the end of the previous fiscal year. This was mainly due to a decrease in 75 mil JPY of long-term debt and a decrease in 279 mil JPY deferred tax liabilities.

Net assets

Net assets at the end of the 1Q decreased 608 mil JPY from the end of the previous fiscal year, resulting in a 12,401 mil JPY. This was mainly due to an 300 mil JPY in retained earnings and a decline in 306 mil JPY foreign currency translation adjustments.

(3) Explanation of Outlook for the Future

There are no changes to the consolidated earnings forecast announced in the financial results summary on 7 November 2023. The breakdown by segment is shown in the table below.

(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	117.5
YoY	+18.1%	+12.2%	+6.7%	+15.6%		+88.4%	-	+16.6%
Net Sales	13.9	16.7	1.66	32.26	0.35	1.59	▲0.58	33.62
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	▲0.71	▲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	3.5	2.9	▲1.0	▲0.95	4.5

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Unit: million JPY)

	FY2023 (30 September 2023)	1Q FY2024 (31 December 2023)
Assets		
Current assets		
Cash and deposits	10,648	8,701
Notes and accounts receivable	1,367	938
Operational investment securities	3,998	3,680
Products	2,650	2,857
Accounts receivable	1,211	1,991
Consumption tax refunds receivable	1,611	2,847
Other	1,317	1,654
Allowance for doubtful accounts	△73	△72
Total current assets	22,733	22,598
Fixed assets		
Tangible Assets		
Buildings and structures	783	804
Accumulated depreciation	△439	△449
Buildings and structures, net	344	354
Tools, materials and supplies	271	280
Accumulated depreciation	△196	△204
Tools, materials and supplies, net	75	75
Other	42	42
Accumulated depreciation	△19	△20
Other, net	22	21
Total tangible assets	442	452
Intangible assets		
Software	297	319
Other	0	0
Total intangible assets	297	319
Investments etc.		
Investment securities	2,983	2,892
Deferred tax assets	910	1,019
Other	544	431
Total investments etc.	4,438	4,343
Total fixed assets	5,178	5,115
Total assets	27,911	27,713

(Unit: million JPY)

	FY2023 (30 September 2023)	1Q FY2024 (31 December 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	54	40
Short-term loan	4,250	4,250
Current portion of long-term loans payable	647	400
Accounts payable-other	6,822	7,053
Deposits received	996	1,719
Income taxes payable	254	386
Other	1,034	970
Total current liabilities	14,060	14,819
Fixed liabilities		
Long-term loans payable	300	225
Deferred tax liabilities	295	15
Asset retirement obligations	223	228
Other	22	22
Total fixed liabilities	841	492
Total liabilities	14,901	15,311
Net assets		
Shareholders' equity		
Capital stock	2,775	2,775
Capital surplus	2,954	2,953
Retained earnings	7,256	6,956
Treasury Stock	△1,566	△1,531
Total shareholders' equity	11,421	11,154
Other accumulated comprehensive income		
Valuation difference on securities	△215	△253
Foreign currency translation adjustments	1,584	1,278
Total other accumulated comprehensive income	1,368	1,024
Share subscription rights	220	222
Total net assets	13,010	12,401
Total liabilities and net assets	27,911	27,713

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

(Unit: million JPY)

	FY 2023 1Q (1 October 2022~ 31 December 2022)	FY 2024 1Q (1 October 2023~ 31 December 2023)
Net sales	6,975	7,927
Cost of sales	3,460	4,910
Gross profit	3,514	3,016
Selling, general and administrative expenses	2,750	2,967
Operating income	764	49
Non-operating income		
Interest income	1	2
Gain on investments in partnerships	-	0
Guarantee income	4	3
Other	8	10
Total non-operating income	14	15
Non-operating expenses		
Interest expenses	4	3
Equity in loss of affiliates	42	11
Foreign exchange losses	142	74
Commissions paid	0	-
Loss on investments in partnerships	1	-
Other	0	6
Total non-operating expenses	190	96
Ordinary income (loss) (△)	588	△31
Extraordinary income		
Gain on reversal of subscription rights to shares	2	0
Total extraordinary income	2	0
Extraordinary losses		
Total extraordinary loss	-	-
Income (△) before income taxes and minority interests	591	△31
Income taxes	201	348
Income taxes-deferred	△9	△405
Total income taxes	192	△56
Net Income or Loss (△)	398	25
Net income (△) attributable to owners of parent	398	25

Consolidated Statements of Comprehensive Income
Consolidated First Quarter

(Unit: million JPY)

	FY 2023 1Q (1 October 2022~ 31 December 2022)	FY 2024 1Q (1 October 2023~ 31 December 2023)
Net Income or Loss (Δ)	398	25
Other comprehensive income		
Valuation difference on securities	Δ 4,843	Δ 37
Foreign currency translation adjustments	Δ 348	Δ 298
Share of other comprehensive (loss) income in associates	Δ 15	Δ 8
Total other comprehensive income	Δ 5,207	Δ 343
Quarterly Comprehensive income	Δ 4,808	Δ 318
(Breakdown)		
Comprehensive income attributable to owners of parent	Δ 4,808	Δ 318
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 1st 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 (Note) 2	Recorded Amount on Quarterly Consolidated Profit & Loss Statement (Note) 3
	E-Commerce Business				Incubation Business	Other Business	Total		
	Global Commerce	Value Cycle	Entertain- 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 mil JPY includes the deletion of inter-segment transactions of △13 mil JPY, company-wide revenue of 84 mil JPY, that is not distributed to each reporting segment, and company-wide cost of △288 mil 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 1st Quarter (1 October 2023 – 31 December 2023)

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

(Unit: million JPY)

	Reporting Segment							Adjustments (Note) 1	Recorded Amount on Quarterly Consolidated Profit & Loss Statement (Note) 2
	E-Commerce Business				Incubation Business	Other Business	Total		
	Global Commerce	Value Cycle	Entertain- ment	Subtotal					
Net Sales									
Contract based income with customers	3,375	4,148	330	7,853	-	73	7,927	-	7,927
Other Earnings	-	-	-	-	-	-	-	-	-
Sales to Customers	3,375	4,148	330	7,853	-	73	7,927	-	7,927
Internal Sales or Transfers Between Segments	4	33	0	38	-	100	138	△138	-
Total	3,380	4,181	330	7,892	-	173	8,065	△138	7,927
Segment Earnings	976	△117	△39	818	△221	△264	332	△283	49

(Notes) 1. The segment earnings or loss adjustment of △283 mil JPY includes the deletion of inter-segment transactions of △1 mil JPY, company-wide revenue of 83 mil JPY, that is not distributed to each reporting segment, and company-wide cost of △365 mil 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.