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Notice of Changes in Consolidated Subsidiaries (Share Transfer)

Tokyo, Japan – 14 February 2024 – BEENOS Inc. (BEENOS) announced its strategic decision to sell the shares of its subsidiaries, Defactostandard, Ltd. (Defactostandard) and JOYLAB, inc. (JOYLAB), to AUCNET INC. (AUCNET), leading to Defactostandard and JOYLAB's exclusion from BEENOS's consolidated subsidiaries.

1. Background of sale of shares

The BEENOS Group aims to be "on the Global Platform Frontier," leveraging technology and global commerce insights to bridge people, goods and information with the global commerce market, focusing on multi-directional Cross Border E-Commerce (CBEC) between Japan and the world.

Since becoming a wholly owned subsidiary of the BEENOS Group in January 2020, Defactostandard has concentrated on enhancing its overseas sales and prioritizing merchandise that commands higher prices in international markets. Despite the industry's evolving dynamics towards BtoB and BtoC models and competitors' aggressive expansion through mergers and acquisitions, Defactostandard sought strategic avenues to sustain its growth. The decision to transfer shares to AUCNET, a company recognized for its BtoB trading of luxury second-hand goods, emerged as the optimal strategy to capitalize on Defactostandard's business foundation and strengths for future expansion. The BEENOS Group intends to establish a more balanced trading partnership with other second-hand luxury dealers. This move is part of BEENOS's broader strategy to accelerate its role as a key CBEC partner in the second-hand luxury goods sector.

Since JOYLAB became part of the BEENOS group in March 2018, it has notably expanded its store presence and extended its reach into overseas markets, achieving consistent growth in both revenue and profit. Entering its next growth phase, BEENOS recognized the importance of dynamically expanding its purchasing channels, notably including the acquisition of alcohol from general purchasing entities. In evaluating the best approach to implement this strategy, AUCNET, with its robust network of domestic purchasing businesses via B2B auctions, stood out as the ideal partner to fulfill JOYLAB's strategic objectives.

Given this scenario and factors such as the joint store operations between Defactostandard and JOYLAB, the decision to sell all shares of both companies to AUCNET was determined to be the most strategic move forward.

Through this transaction, the BEENOS group will reconsider its business portfolio and concentrate its resources on further growth, while also being able to support more companies in the reuse field.

2. Outline of the consolidated subsidiaries to be transferred

| | | | |
|---|---|---|--------|
| (1) Company Name | Defactostandard, Ltd. | | |
| (2) Headquarters | Heiwajima 3-3-8, Ota-ku, Tokyo 143-0006 | | |
| (3) Representative | President and CEO: Kenichi Sento | | |
| (4) Business Description | Operates internet-based brand-name product buy back service website "Brandear" Online resale of brand-name products, accessories and apparel E-Commerce site operations | | |
| (5) Capital | 100 Million JPY (as of September 2023) | | |
| (6) Date of Establishment | 27 April 2004 | | |
| (7) Shareholders | BEENOS Inc. 100% | | |
| (8) Affiliation with listed company | Capital relationship | BEENOS owns a 100% stake in the company. | |
| | Human relations | 3 directors concurrently serve as officers of the subsidiary. In addition, employees of the subsidiary are assignees from BEENOS. | |
| | Business relationship | BEENOS is entrusted with the management and system development services of this subsidiary. In addition, there are outsourcing and business transactions between the subsidiary and other BEENOS subsidiaries. There is a fund loan business relationship between BEENOS and the subsidiary. | |
| | Situation of subsidiary | Consolidated subsidiary of BEENOS | |
| (9) Company's results of operations and financial position for the past 3 years | | | |
| Fiscal Year | FY2021 | FY2022 | FY2023 |
| Net assets | 3,260 | 3,269 | 1,566 |
| Total assets | 3,986 | 3,892 | 4,411 |
| Net assets per share | 375JPY | 376JPY | 180JPY |
| Net sales | 9,890 | 11,993 | 11,646 |
| Operating income | 72 | 89 | △106 |
| Ordinary income | 101 | 55 | △116 |
| Profit attributable to | 54 | 9 | △102 |

| | | | |
|----------------------|-------|-------|---------|
| owners of parent | | | |
| Net income per share | 6 JPY | 1 JPY | △11 JPY |
| Dividend per share | 0 JPY | 0 JPY | 184 JPY |

(Unit: million JPY, unless otherwise noted)

| | | | |
|---|--|--|-------------|
| (1) Company Name | JOYLAB, inc. | | |
| (2) Headquarters | 7-16 Matsuyamachi Chuo-ku Osaka 542-0067 | | |
| (3) Representative | President and CEO Keisuke Ota | | |
| (4) Business Description | Purchase and sale of alcoholic beverages Operation of My Cellar, an asset-management app for alcoholic beverages Operation of Vintage Search, a scarce liquor search and sales service | | |
| (5) Capital | 60 Million JPY (as of September 2023) | | |
| (6) Date of Establishment | 25 December 1985 | | |
| (7) Shareholders | BEENOS Inc. 100% | | |
| (8) Affiliation with listed company | Capital relationship | BEENOS owns a 100% stake in the company. | |
| | Human relations | 2 directors of BEENOS concurrently serve as officers of the subsidiary. In addition, employees of the subsidiary are assignees from BEENOS. | |
| | Business relationship | BEENOS is entrusted with the management and system development services of the subsidiary. There is a fund loan business relationship between BEENOS and the subsidiary. | |
| | Situation of subsidiary | Consolidated subsidiary of BEENOS | |
| (9) Company's results of operations and financial position for the past 3 years | | | |
| Fiscal Year | FY2021 | FY2022 | FY2023 |
| Net assets | 107 | 309 | 362 |
| Total assets | 500 | 842 | 1,035 |
| Net assets per share | 539,655 JPY | 774,575 JPY | 906,880 JPY |
| Net sales | 2,139 | 2,982 | 3,410 |
| Operating income | 63 | 186 | 89 |
| Ordinary income | 59 | 180 | 83 |
| Profit attributable to owners of parent | 37 | 101 | 52 |
| Net income per share | 187,918 JPY | 254,748 JPY | 132,304 JPY |
| Dividend per share | 0 JPY | 0 JPY | 0 JPY |

※The Company issued new shares in November 2021. (Unit: million JPY, unless otherwise noted)

3. Outline of the counterparty to the share transfer

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|---|---|--|------------------|--------|-----------------------------|-------|---|-------|--------------------|-------|--|-------|-------------------------|-------|----------------------------|-------|----------------|-------|---------------------|-------|-------------------|-------|
| (1) Company Name | AUCNET INC. | | | | | | | | | | | | | | | | | | | | | |
| (2) Headquarters | Aoyama OM Square, 5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo, 107-8349 | | | | | | | | | | | | | | | | | | | | | |
| (3) Representative | President & CEO Shinichiro Fujisaki | | | | | | | | | | | | | | | | | | | | | |
| (4) Business Description | As a recycling-oriented market design company, provision of online auctions for used cars, used digital equipment, luxury products, flowers, used motorcycles, used medical equipment, and other services associated with distribution | | | | | | | | | | | | | | | | | | | | | |
| (5) Capital | 1,807 Million JPY (as of December 2022) | | | | | | | | | | | | | | | | | | | | | |
| (6) Date of Establishment | 9 March 1984 | | | | | | | | | | | | | | | | | | | | | |
| (7) Major shareholders and shareholding ratios | <table border="0"> <tr> <td>FLEX CORPORATION</td> <td>40.76%</td> </tr> <tr> <td>GOLDMAN SACHS INTERNATIONAL</td> <td>5.34%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. as trustee for Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account re-entrusted by Orient Corporation</td> <td>4.94%</td> </tr> <tr> <td>Orient Corporation</td> <td>4.94%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>4.58%</td> </tr> <tr> <td>GOLDMAN SACHS & CO. REG</td> <td>4.57%</td> </tr> <tr> <td>NAMAI ASSET MANAGEMENT INC</td> <td>3.24%</td> </tr> <tr> <td>FLEX CO., LTD.</td> <td>3.22%</td> </tr> <tr> <td>Shinichiro Fujisaki</td> <td>3.02%</td> </tr> <tr> <td>Masahiro Fujisaki</td> <td>3.02%</td> </tr> </table> | | FLEX CORPORATION | 40.76% | GOLDMAN SACHS INTERNATIONAL | 5.34% | Custody Bank of Japan, Ltd. as trustee for Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account re-entrusted by Orient Corporation | 4.94% | Orient Corporation | 4.94% | The Master Trust Bank of Japan, Ltd. (Trust Account) | 4.58% | GOLDMAN SACHS & CO. REG | 4.57% | NAMAI ASSET MANAGEMENT INC | 3.24% | FLEX CO., LTD. | 3.22% | Shinichiro Fujisaki | 3.02% | Masahiro Fujisaki | 3.02% |
| FLEX CORPORATION | 40.76% | | | | | | | | | | | | | | | | | | | | | |
| GOLDMAN SACHS INTERNATIONAL | 5.34% | | | | | | | | | | | | | | | | | | | | | |
| Custody Bank of Japan, Ltd. as trustee for Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account re-entrusted by Orient Corporation | 4.94% | | | | | | | | | | | | | | | | | | | | | |
| Orient Corporation | 4.94% | | | | | | | | | | | | | | | | | | | | | |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 4.58% | | | | | | | | | | | | | | | | | | | | | |
| GOLDMAN SACHS & CO. REG | 4.57% | | | | | | | | | | | | | | | | | | | | | |
| NAMAI ASSET MANAGEMENT INC | 3.24% | | | | | | | | | | | | | | | | | | | | | |
| FLEX CO., LTD. | 3.22% | | | | | | | | | | | | | | | | | | | | | |
| Shinichiro Fujisaki | 3.02% | | | | | | | | | | | | | | | | | | | | | |
| Masahiro Fujisaki | 3.02% | | | | | | | | | | | | | | | | | | | | | |
| (8) With listed companies Affiliate of such company | Fund relationship | Not applicable. | | | | | | | | | | | | | | | | | | | | |
| | Human relations | Not applicable. | | | | | | | | | | | | | | | | | | | | |
| | Business relationship | There is a business relationship between a subsidiary of BEENOS and a subsidiary of the company concerned. | | | | | | | | | | | | | | | | | | | | |
| | Situation of subsidiary | Not applicable. | | | | | | | | | | | | | | | | | | | | |
| (9) Recent Financials Net Assets and Total Assets | Fiscal year end | FY 2022 December | | | | | | | | | | | | | | | | | | | | |
| | Net assets | 22.911 billion JPY | | | | | | | | | | | | | | | | | | | | |
| | Total assets | 37.348 billion JPY | | | | | | | | | | | | | | | | | | | | |

4. Number of Shares Transferred, Transfer Price, and Status of Shares Held before and after Transfer

| | |
|---|--|
| (1) Shares owned prior to the transaction | <p>Defactostandard, Ltd. 8,674,984 shares (100% ownership)</p> <p>JOYLAB, inc. 400 shares (100% ownership)</p> |
| (2) Number of shares transferred and transfer price | <p>Defactostandard, Ltd. 8,674,984 shares (100% ownership)</p> <p>JOYLAB, inc.</p> |

| | |
|--|---|
| | 400 shares (100% ownership) |
| (3) Transfer Price | Approx. 2.9 billion yen* |
| (4) Shares owned after the transaction | Defactostandard, Ltd. 0 shares (Ownership ratio: 0%) |
| | JOYLAB, inc. 0 shares (Ownership ratio: 0%) |

※The above amount is the amount agreed upon as the share value of the shares to be transferred held by BEENOS.

The final transfer price will be determined through price adjustments, etc., as set forth in the Share Transfer Agreement.

5. Schedule

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|--|---------------------------|
| (1) Date of resolution of the Board of Directors | 14 February 2024 |
| (2) Date of the share transfer agreement | 14 February 2024 |
| (3) Date of share transfer | 30 April 2024 (scheduled) |

6. Future Outlook

If the share transfer proceeds as outlined, Defactostandard and JOYLAB will cease to be part of the BEENOS Group's consolidated entities from April 2024 onwards. BEENOS is presently conducting a detailed examination of the expected financial benefits arising from this business transfer. This includes analyzing the status for the FY2024 Q2 and scrutinizing the terms of the transfer agreement. Given the potential for significant fluctuations leading up to the completion of the transfer, it is presently difficult to provide an accurate estimate of the expected financial impact. However, BEENOS commits to disclosing this information as soon as it becomes available. Additionally, BEENOS is evaluating the transaction's effect on its consolidated financial performance for FY2024. The forecast for the consolidated performance for this fiscal year will be included in its FY2024 Q2 financial report, which is anticipated to be published on 8 May 2024.

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