Stock Code：3328
6 December 2017

To Our Shareholders,

4-7-35 Kita-shinagawa, Shinagawa-ku, Tokyo
BEENOS, inc.
President and Group CEO Shota Naoi

Notice of the 18th Annual Meeting of Shareholders

We cordially invite you to the 18th Annual Meeting of Shareholders (the "Annual Meeting") and hope you will be able to participate. Details are listed below.

If you are not able to be in attendance, you are still able to exercise your right to vote by either method listed below.

[Vote in Writing]
Please vote yea or nay on each resolution on the enclosed ballot and send your completed ballot back to us by Wednesday, 20 December at 5:30PM (JST).

[Vote Online]
Please go to our designated voting website (http://www.web54.net) and use the "Voting Code" and "Password" on the enclosed ballot to login. Please follow the instructions to vote yea or nay on each resolution. Please complete your voting by Wednesday, 20 December at 5:30PM (JST).

For more details regarding voting online, please refer to the "Details Regarding Exercising Voting Rights via the Internet" section on page 4.

1. Date Thursday, 21 December 2017 at 10:30AM
2. Location 4-7-36 Kita-shinagawa, Shinagawa-ku, Tokyo, Japan
   Tokyo Marriott Hotel B1 Floor Iris
3. Purposes
   Reports
   1. Contents of the business report and consolidated financial statements for the 18th term (1 October 2016 to 30 September 2017) and the auditing report on the results of the consolidated financial statements by the boards of comptrollers and auditors
   2. Contents of the financial statements for the 18th term

   Ratifications
   Item 1 Election of 4 Directors (excluding Audit and Supervisory Committee members)
   Item 2 Election of 3 Directors in the Audit and Supervisory Committee
   Item 3 Election of Accounting Auditors

4. Notice regarding ratifications

Voting in proxy

If you wish to vote in proxy, you may choose 1 shareholder who has voting rights to act as your representative to attend the Annual Meeting. However, please be aware that the representative must submit a certified document to become a delegated authority.

5. Other items regarding this notice

The "notes to the consolidated financial statements of the consolidated financial documents" and "notes to the non-consolidated financial statements of the financial documents" that are generally to be included in this notice have been omitted as they have been posted on our website (http://beenos.com) for legal purposes and according to Article 17 of our Articles of Incorporation.

The notes included in this document are a portion of the audit report that was created by the financial auditor and the board of auditors.

We kindly ask those who will be in attendance to submit the enclosed voting form at the reception desk.

If any errors are found in this document, the consolidated financial statements or the non-consolidated financial statements, they will be corrected electronically, and revised versions will be posted on our website (http://beenos.com).

After the Annual Meeting, we will have a business report of the BEENOS Group. We ask for your attendance in that meeting as well.

Details of Voting Methods

Voting in Person



AGM Date	Thursday, 21 December 2017 at 10:30AM (JST)

Please submit the enclosed voting form at the reception desk.
We also ask you to bring this document with you to the meeting.

Absentee Voting



Voting by Mail

Voting Deadline	Wednesday, 20 December 2017 at 5:30PM (JST)

Please write in your voting decision on the enclosed voting form and return to us by the deadline.



Voting Online

Voting Deadline	Wednesday, 20 December 2017 at 5:30PM (JST)

Go to the Voting Website URL and submit your voting decision.
Please see the next page for details.

【Voting Website URL】 http://www.web54.net

【Details Regarding Exercising Voting Rights via the Internet】

We kindly ask those who will vote online to do so upon reading and fully understanding the instructions and notifications below.

1. Voting can be done online via the voting website we have designated below. Voting can also be done on mobile devices.

   【Voting Website URL】 http://www.web54.net

   ※You can also access the URL by reading the 2D Barcode (QR Code) using a mobile device that can scan barcodes. Please refer to the manual for your mobile device or app on how to read the QR Code.
   (QR Code is trademarked by DENSO WAVE INCORPORATED)

2. Please use the enclosed “Voting Code” and “Password” to login, then proceed to submit your vote by following the instructions given on the screen.
3. The deadline for online voting is Wednesday, 20 December 2017 at 5:30PM (JST), but we would appreciate if you could submit your vote as soon as possible so that we can count the votes in a timely manner.
4. If in case you submit multiple votes, we will consider the most recently received vote to be the valid vote. In the event that your online vote and mailed vote arrive on the same day, we will consider the online vote to be the valid vote.
5. Any data usage fees or other fees that occur in the event of connecting to the voting website will be done at your own expense.

【Information Regarding the Voting Code and Password】

1. The password is important for us to verify that the vote is actually being done by the stockholder submitting it. Please handle the password with extreme care.
2. The account will be locked if you enter the password incorrectly multiple times. In that case, please follow the instructions on the screen to re-issue a new password.
3. The voting code on the voting ballot is only valid for this Annual Meeting.

【Contact Details for Online Voting】

1. If you have any questions regarding the online voting system, please contact the following:
   Sumitomo Mitsui Trust Bank Proxy Voting Web Support
   【Telephone】 +81-120-652-031 (9:00AM ~ 9:00PM JST) (Japanese Only)
2. For any other inquiries please contact your stock brokerage firm that you have made your account with. If you do not have an account, please contact the following:
   Sumitomo Mitsui Trust Bank Proxy Voting Office Center +81-120-782-031 (Weekdays 9:00AM ~ 5:00PM JST) (Japanese Only)

【Electronic Voting Platform for Institutional Investors】

Institutional investors may also use the “Electronic Voting Platform” operated by ICJ, Inc. to vote in this Annual Meeting.

Item 1: Election of 4 Directors (excluding Audit and Supervisory Committee members)

As of the end of this Annual Meeting, the term of the directors (excluding Audit and Supervisory Committee members) will expire and 4 directors will need to be elected. We have received verification from the Audit and Supervisory Committee members that the candidates are well suited for the position. The candidates are as follows:

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
1	Shota Naoi (25 December 1980)	2005 Apr Joined Venture Link, Inc. 2008 Sep Joined BEENOS, inc. 2009 Oct Appointed to Executive Officer of tenso, inc. 2012 May Appointed to CEO (Current) 2012 Oct Appointed to TENSO UK LTD Director (Current) 2013 Dec Appointed to Director of BEENOS, inc. 2014 Dec Appointed to President and Group CEO (Current) 2014 Dec Appointed to Director of BEENOS Partners (Current) 2013 Jan Appointed to Director of BEENOS Asia Pte. Ltd. (Current) 2015 Apr Appointed to Director of Shop Airlines, Ltd. (Current) 2015 May Appointed to Director of monosense, Ltd. (Current) 2015 Nov Appointed to Chairman of the Board of TAIWAN TENSO, INC. (Current) (Reason for Nomination) Shota Naoi has developed the Cross Border Business “From Japan” into the core business of the Company as Director of BEENOS, inc. and its subsidiary tenso, inc.. After appointed to President and Group CEO in December 2014, he has concentrated on establishing a new group strategy	21,460 Shares

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
		by setting Cross Border Business as the core, and demonstrated strong leadership to expand the group business. We have nominated Naoi as a candidate with the expectation that he will further contribute to the Company.	

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
2	Koji Nakamura (20 January 1968)	1990 Apr Joined Nomura Securities Co., Ltd. 1996 Dec Joined Hypernet 1999 Sep Joined Capital.com 2001 May Appointed to Founding President of Corporatetune 2003 Dec Appointed to Auditing Officer of BEENOS, inc. 2006 Oct Appointed to Executive Officer, Head of Finances and GM of Corporate Management 2007 Dec Appointed to Executive Managing Director and CFO 2008 Sep Appointed to Director of Defactostandard, Ltd. (Current) 2011 Dec Appointed to Director of tenso, inc. 2012 Feb Appointed to Vice President and Group CFO of BEENOS (Current) 2012 May Appointed to Director of BEENOS Partners 2012 Sep Appointed to Director of monosense, Ltd. (Current) 2013 Jan Appointed to Director of BEENOS Asia Pte. Ltd. (Current) 2014 Apr Appointed to Director of Shop Airlines, Ltd. (Current) 2015 Apr Appointed to President of BEENOS Partners (Current) 2015 Nov Appointed to Board Member of TAIWAN TENSO, INC. (Current) (Reason for Nomination) Koji Nakamura has fulfilled the role as Vice President and Group CFO which is responsible for the execution of operations, decision making and supervising. He has also put his effort on building relationships with investors and formulating the Group management plan to strengthen the management foundation of the Group in IR and corporate	79,750 Shares

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
		planning field. We have nominated Nakamura as a candidate with the expectation that he will further contribute to the Company.	

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
3	Taku Takeuchi (6 June 1974)	1998 Apr Joined NTT DATA 2000 Apr Joined BEENOS, inc. 2002 Jun Appointed to Executive Officer of Solutions Development 2007 Oct Appointed to CEO of Defactostandard, Ltd. 2009 Dec Appointed to Director of BEENOS, inc. (Current) 2013 Apr Appointed to Chairman of the Board of Defactostandard, Ltd. 2014 Apr Appointed to CEO of Shop Airlines, Ltd. (Current) 2014 Jun Appointed to President and CEO of Shop Airlines America, Inc. (Current) 2014 Aug Appointed to President and CEO of Shop Airlines Europe B.V. (Current) 2014 Sep Appointed to CEO of Shop Airlines Japan (Current) 2015 Apr Appointed to Director of tenso, inc. (Current) (Reason for Nomination) Taku Takeuchi has succeeded in raising the product buy back service “Brandear” into the No.1 service of the industry and helped the development of the Global Shipping Business “To Japan” with his strong leadership as Director of the Company and as CEO of the subsidiary Shop Airlines Japan. We have nominated Takeuchi as a candidate with the expectation that he will further contribute to the Company.	51,415 Shares
4	Kenichi Sento (4 July 1979)	2002 Apr Joined Fujitsu Support and Service (currently Fujitsu FSAS) 2006 Mar Joined BEENOS 2012 Feb Appointed to President and CEO of monosense, Ltd. (Current) 2014 Dec Appointed to Director of BEENOS (Current)	12,615 Shares

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
		2016Dec Appointed to President and CEO of SWATi inc. (Current) （Reason for Nomination） Kenichi Sento has launched the Producing and Licensing Business which develops products by connecting product manufacturers with celebrity productions and with the media, as the President and CEO of monosense, Ltd.. He has also led the Retailing and Licensing Business with strong leadership as Director. We have nominated Sento as a candidate with the expectation that he will further contribute to the Company.	

Note: None of the candidates have a vested interest in BEENOS

Item 2: Election of 3 Directors in the Audit and Supervisory Committee

As of the end of this Annual Meeting, the term of the directors in the Audit and Supervisory Committee will expire and 3 directors will need to be elected. We have received verification from the Audit and Supervisory Committee of the candidates. The candidates are as follows:

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
1	Yasukazu Joho (18 December 1956)	1979 Apr Joined Daiei, Inc. 2005 May · Appointed Head Manager of Finance Dept. and PR/IR Dept. 2006 Dec · Appointed to Auditor of BEENOS, Inc. 2007 Apr · Appointed to Auditor of Shop Airlines, Ltd. (Current) 2007 Jul · Appointed to Auditor of Defactostandard, Ltd. (Current) 2008 Jul · Appointed to Auditor of tenso, inc. (Current) 2012 Feb · Appointed to Auditor of monosense, Ltd. (Current) 2012 May · Appointed to Auditor of BEENOS Partners (Current) 2015 Dec · Appointed to Director (Audit & Supervisory Committee Member) of BEENOS (Current) (Reason for Nomination) Yasukazu Joho has ample experience as he served as the head manager for both the Finance Dept. and the PR/IR Dept. at Daiei, Inc. He has used his expertise from his tenure to act as an auditor for the past 9 years with BEENOS since December 2006. Since his appointment as full-time auditor in 2015 he has contributed to the improvement of the transparency and integrity of the management and the fortification of the corporate governance code. We have nominated Joho as a candidate with the confidence that he is the most appropriate to faithfully oversee the management of the Company.	5,500 Shares

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
2	Kibo Kondo (12 October 1974)	1995 Aug : Joined TAK Co., LTD. 1996 Sep : Opened Kondo Junior Accountant Office (Currently Kondo CPA Office) 1999 Mar : Appointed to Director of Kudo Constructions 1999 Mar : Registered as CPA 1999 Aug : Joined BUSINESSTRUST Co.,LTD. 2000 Dec : Appointed as CEO of Zeon Consulting Co., Ltd. 2000 Dec : Appointed to Auditor of BEENOS, Inc. 2015 Dec : Appointed to Director (Audit & Supervisory Committee Member) of BEENOS (Current)	9,300 Shares
		(Reason for Nomination) Kibo Kondo has utilized his deep-rooted knowledge and experience as a CPA to contribute to the improvement of the transparency and integrity of the management and the fortification of the corporate governance code for the past 15 years as an auditor and 2 years as member of the audit & supervisory committee. We have nominated Kondo as a candidate with the confidence that he is the most appropriate to faithfully oversee the management of the Company.	

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
3	Yoshindo Takahashi (9 March 1940)	1962 Apr : Joined Nomura Securities Co., Ltd. 1985 Dec : Appointed to Director of Nomura Research Institute, Ltd. 1989 Jun : Appointed to Executive Managing Director 1991 Jun : Appointed to Chief Director 1994 Jun : Appointed to Vice President 1996 Jun : Appointed to Adviser Appointed to President of Nomura School of Advanced Management 2000 Jul : Appointed to Adviser of Executive Partners Inc. (Current) 2000 Jul : Appointed to Director of the Office of Pharmaceutical Industry Research of the Japan Pharmaceutical Manufacturers Association 2000 Oct : Appointed to Auditor of BEENOS, Inc. 2007 Aug : Appointed to Auditor of Ceres inc. (Current) 2015 Dec : Appointed to Director (Audit & Supervisory Committee Member) of BEENOS (Current) (Reason for Nomination) Yoshindo Takahashi has used his experience in upper management throughout his long-tenured career to contribute to the improvement of the transparency and integrity of the management and the fortification of the corporate governance code for the past 15 years as an auditor and 2 years as member of the audit & supervisory committee. We have nominated Takahashi as a candidate with the confidence that he is the most appropriate to faithfully oversee the management of the Company.	6,100 Shares

Note: 1. Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi do not have a vested interest in BEENOS.
2. Director candidates Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi are for external directors. BEENOS has registered external directors Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi to the Tokyo Stock Exchange as independent officers.
3. BEENOS has made a contract agreement with Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi in regards to the limit of liability for damages as stated in Article 427 Section 1 of the Companies Act. The amount limit for the liability of damages is set at the minimum responsibility amount as legally established.
4. Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi are external directors of BEENOS, and will

be appointed to a 2 year tenure as of the end of this Annual Meeting. All candidates have previously been directors/auditors of companies other than BEENOS.

References for Items 1 and 2
Appointment Criteria for Directors
We have selected candidates that have fit the following criteria. All nominees have been approved in the Board of Directors Meeting.

1. The candidate must manage the company as a fiduciary of the shareholders. They must possess the qualities to fulfill their responsibilities in good loyalty and good care of the company with the intent to develop the company and increase its worth in the long term.
2. Directors involved in the execution of operations must have sufficient knowledge of the Group and its current status and will use his expertise to his fullest for the benefit of the Group.
3. External Directors must have ample knowledge in fields such as corporate management, financial, accounting, legal, etc. and must have enough experience to rightfully monitor and advise management decisions. They must also have sufficient knowledge and understanding on the responsibility of a director and how Board of Directors Meetings are executed.
4. External Directors must also meet the Independence Criteria in addition to the aforementioned criteria.
5. Legally meets the eligibility requirements to be a director.

References for Item 2
Independence Criteria for External Directors
We have determined the following as the independence criteria for external directors. We will determine that the external director is independent from the Company and will not have any conflict of interest with the common shareholder as long as it does not meet any of the criteria below.

1. Relation with the Company or its Subsidiaries
   i. Involved in the execution of operations of the Company or any of its subsidiaries (the Group) (The qualifications for execution of operations as outlined in the Ordinance for Enforcement of the Companies Act Article 2, paragraph 3, item 6, including directors involved in the execution of operations and employees. Auditors are excluded.)
   ii. Involved in the execution of operations of the Group within 10 years of being appointed (Excluding directors not involved in execution of operations and auditors that have held the position within the past 10 years. In such cases, they must not have been involved in the execution of operations within 10 years of their initial appointment)
   iii. Accounting advisor of the Group
   iv. Director not involved in operations or accounting advisor of a subsidiary

2. Relation with Counterparties
    i. Any main counterparty to the Group (Any counterparty group that offers products or services to the Group with the transaction value exceeding 2% of the annual consolidated net sales of the counterparty group) or involved with the execution of operations for a counterparty
    ii. Any counterparty the Group is a main counterparty of (Any counterparty that the Group offers products or services to with the transaction value exceeding 2% of the annual consolidated net sales of the Group) or involved with the execution of operations for a counterparty
3. Economic Conflict of Interest/Provider of Specialized Services
    i. Any company that accepts directors or auditors (full-time and part-time) from the Group or a worker of its parent company or subsidiary
    ii. Any consultant, accounting specialist or legal specialist (or anybody affiliated with such companies or organizations) that have received a large sum of money or assets from the Group (profits in cash or other assets exceeding 10 Million JPY on average over the past 3 years)
    iii. Any person associated with an auditing firm that deals with the legal auditing of the Group
4. Relation with Shareholders
    i. Any main shareholder (any shareholder that directly and indirectly owns at least 10% of voting rights) or any director not involved in operations or auditor if the main shareholder is the parent company of the Group
    ii. Any worker of fellow subsidiaries
5. Corresponding Time Frame
    i. Any person listed in items 2 – 4 within the past 5 years
6. Blood Relative
    i. The blood relative of anybody (in an important position) listed in items 1 – 5 (including spouse and relatives within the second degree)

Item 3 Election of Accounting Auditors

Our current accounting auditor, Deloitte Touche Tohmatsu LLC, will be leaving as its current contract expires as of the end of the Annual Meeting. We propose to appoint YUSEI Audit & Co. (YUSEI) to be the new accounting auditor for the Company.

We have selected YUSEI as the accounting auditor due to an all-round evaluation of its independence and expertise, auditing adequacy, efficiency and compensation costs. Furthermore, our subsidiary, Defactostandard, Ltd., also uses YUSEI which will make the auditing process more streamlined and efficient with the Group under one auditor.

The following are the details for the accounting auditor candidate.

(as of 1 November 2017)

Name	YUSEI Audit & Co.	
Main Office	Marunouchi Trust Tower N Bldg. 1-8-1 Marunouchi, Chiyoda-ku, Tokyo	
History	April 1999 YUSEI Audit & Co. founded	
Overview	Stated Capital Partners (Japanese CPA) Specified Partners Staff (Japanese CPA) Staff (Japanese CPA Associate Members) Other Staff Total Number of Publicly Listed Clients	89.5 Million JPY 21 2 87 35 100 245 52

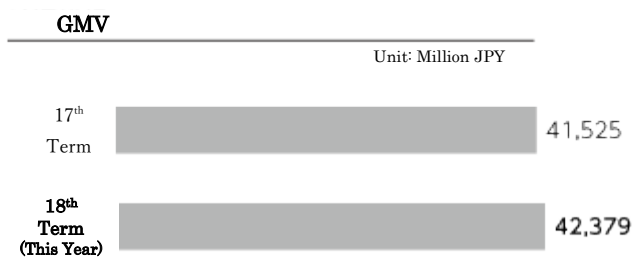
-END-

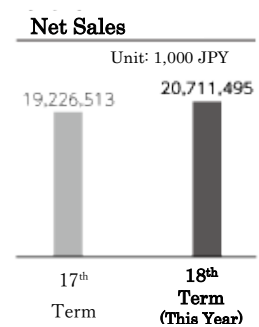
1．Status of the Corporate Group

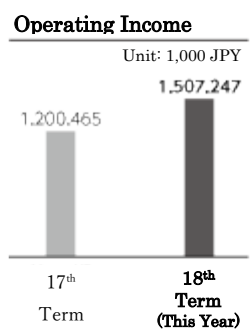
（1）Business Performance Report

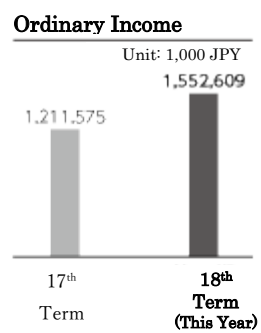
The BEENOS Group aims to become the “Global Platform Frontier” by breaking new ground in IT and internet based markets and businesses. This fiscal year’s strategical focus was to “Expand the domestic circulation network and pioneer new contents”, “Broaden and strengthen network with foreign marketplaces”, and “Expand the global commerce network through domestic and international investments and consultation”.

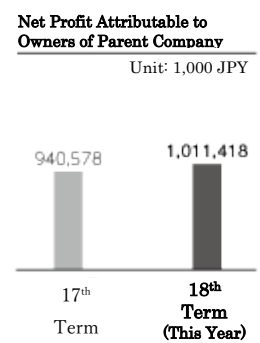
As a result, this fiscal year’s consolidated net sales were 20,711 Million JPY (+7.7% from FY2016), the operating income was 1,507 Million JPY (+25.6% fromFY2016), the ordinary income was 1,552 Million JPY (+28.2% from FY2016) and the net profit attributable to owners of the parent company was 1,011 Million JPY (+7.5% from FY2016).









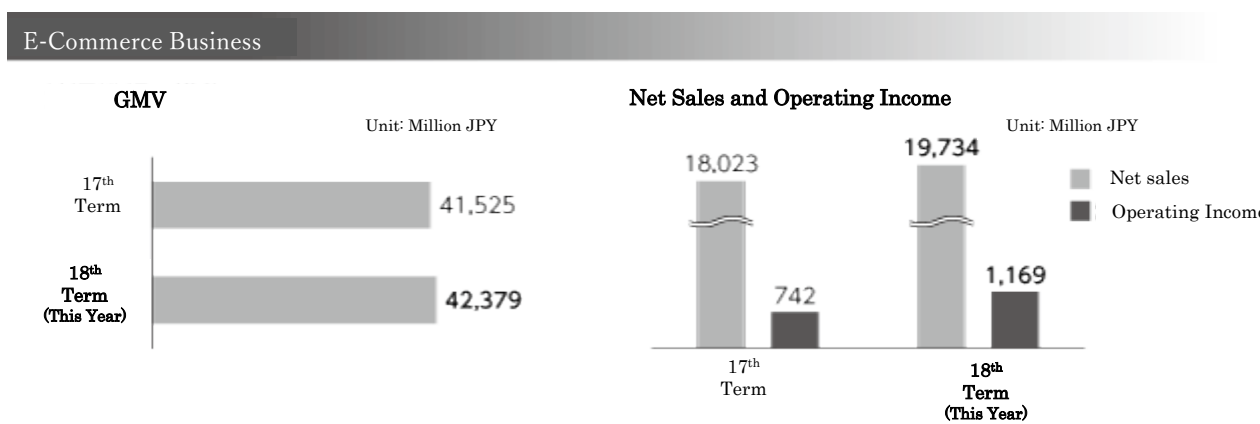


The achievements of each business segment are as follows.

i E-Commerce Business

Net Sales 19,734 Million JPY/Operating Income 1,169 Million JPY

For the E-Commerce Business as a whole this fiscal year, the consolidated net sales were 19,734 Million JPY (+9.5% from FY2016) and the operating income was 1,169 Million JPY（+57.4% from FY2016）.



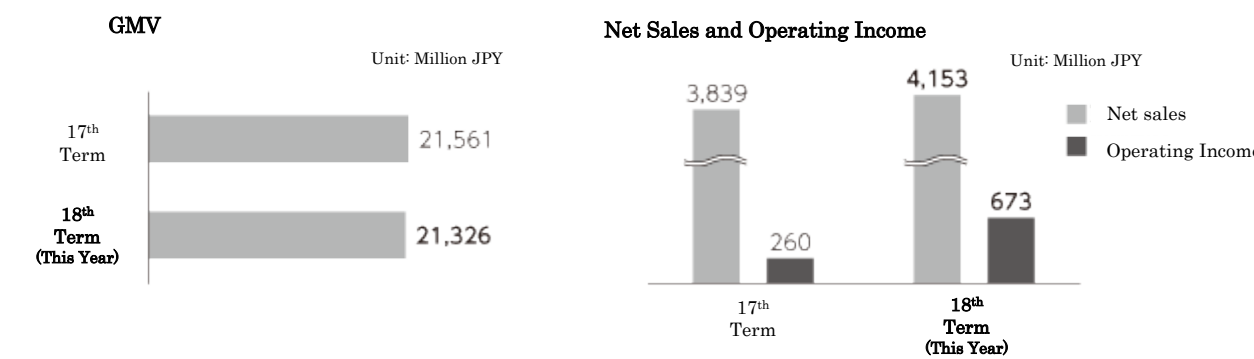
Cross Border Business

The Cross Border Business's Overseas Forwarding and Proxy Purchasing Business FROM JAPAN has increased the number of compatible websites for its proxy purchasing service "Buyee" and has actively invested in promotional costs such as shipping fee discounts. It has increased the number of exported packages by moving and expanding its warehouses. It has also increased the number of accepted currencies for online payments and tied up with the famous Japanese EC stores and internet media to better the service's usability. The depreciated yen also served as a tailwind to boost GMV, net sales and operating income.

The Global Shopping Business TO JAPAN implemented new services as a result of the internalization of its US warehouse and customer support. It has also started displaying international shipping fee and developed product recommendation system. These services have led to an increase in GMV, net sales and operating income.

As a result, the consolidated net sales were 4,153 Million JPY (+8.2% from FY2016) and the operating income was at 673 Million JPY (+158.6% from FY2016).

Cross Border Business



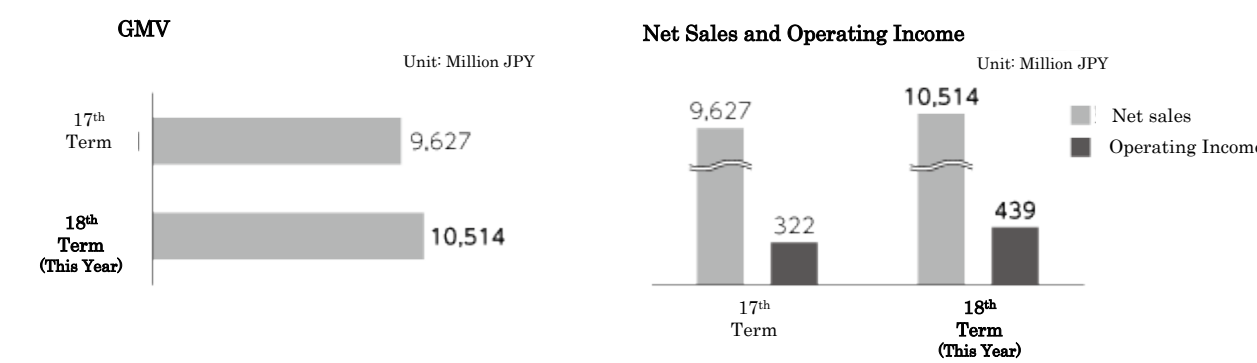
Value Cycle Business

The Value Cycle Business on the purchasing side has made a full use of its strength as an internet exclusive service and concentrated on purchasing low priced products to attract new users. In addition, it has started broadcasting a new TV advertisement in April for its brand-name product buy back service website “Brandear”. The advertisement placed first in “Most Favorable TV Advertisement Award in Trade and Sales Field” for the first time (Source: Genera Research Institute of TV Advertisement, researched in May 2017), which led to an increased awareness of its service. Furthermore, it has released the official application in July to enable instant notification of an assessed price of the product and the payment schedule. As a result, Brandear buy back service has reached 2 Million users and increased both the number and the value of buyback items.

As the purchasing side increased the vending side has also generated a healthy increase in net sales and purchasing transactions as a result of the multi-channel strategy. Moreover, it has won “Yahoo! Auction Overall Annual Best Store Grand Prix”, for the 8th consecutive year and also expanded its original marketplace “Brandear Auction” over the year.

As a result, the consolidated net sales were 10,514 Million JPY (+9.2% fromFY2016) and the operating income was 439 Million JPY (+36.0% from FY2016).

Value Cycle Business



Retailing and Licensing Business

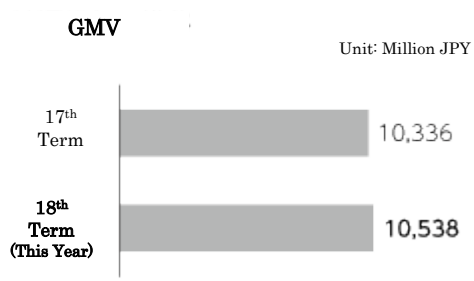
The Producing and Licensing Business of the Retailing and Licensing Business has strengthened its EC by releasing and renewing official EC websites of popular singing groups, artists which it holds the master licensing rights of, and other new contents such as cartoons, to increase the net sales.

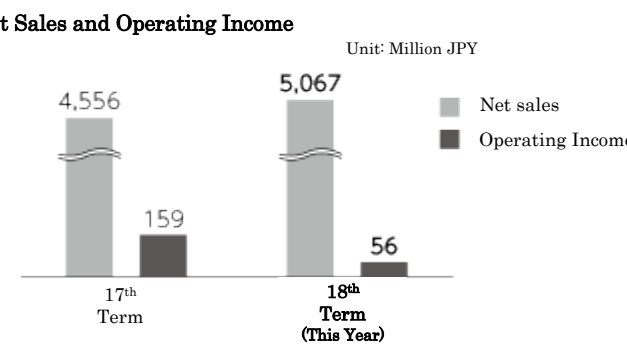
Furthermore, it has made SWATi inc., a company specializing in the planning and distribution of interior goods such as candles, a subsidiary to strengthen its product and market development. It has also released its official website in September to polish its brand value.

The Internet Shopping Business has increased its conversion rate by evolving its customer portfolio management, concentrated on single item mail order service, and used its resources to increase the development and sales of its original fashion and beauty products. However, the decrease in gross margin rate due to inventory disposal has led to an operating loss. Also, as announced on "Notification of the Transfer of Shares of Subsidiary" released on November 1st, BEENOS Inc. has decided to transfer all of the shares in netprice, Ltd on 1 December 2017.

As a result, the consolidated net sales were 5,067 Million JPY (+11.2% from FY2016) and the operating income was 1,169 Million JPY (-64.3% from FY2016).

Retailing and Licensing Business





ii Incubation Business

Net sales 977 Million JPY/Operating Income 737 Million JPY

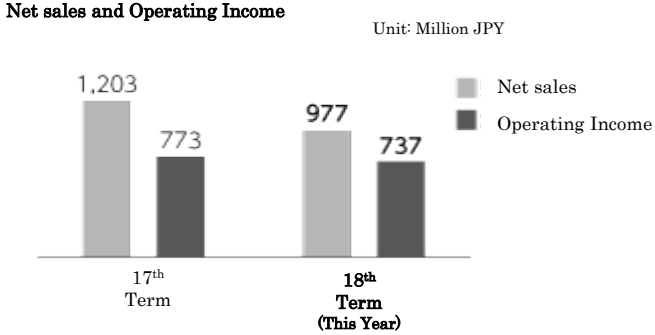
The Incubation Business has continued to invest in businesses in online general marketplaces and online payments in prominent emerging countries along with investing in specialized online marketplaces. It has been focusing on large markets including automobile, real estate, fashion and healthcare.
It has also seen a business opportunity in the increasing number of visitors to Japan and has invested domestically in a business in the online homestay/guest house marketplace that offers a collective management tool for that market as well as a business that displays translated product descriptions for foreign travelers to Japan.

In regard to current investments, we are collecting the profits from those business that are growing and earned profit through the sale of an operational investment security during the fourth quarter of this fiscal year. On the other hand, however, we evaluate our operational investment securities on a quarterly basis and list any appraisal losses as cost of sales

As a result, the consolidated net sales were 977 Million JPY (-18.7% from FY2016) and the operating profit was 737 Million JPY (-4.6% from FY2016).

Incubation Business

Net sales and Operating Income



The following is the breakdown of the net sales by business segment.

Segment		(Previous Fiscal Year) 17th Term (September 2016)	(Current Fiscal Year) 18th Term (September 2017)	Year on Year	
		Amount (Unit: 1,000 JPY)	Amount (Unit: 1,000 JPY)	Amount (Unit: 1,000 JPY)	% Change
E-Commerce Business		18,023,404	19,734,619	1,711,215	9.5%
	Cross Border	3,839,467	4,153,108	313,641	8.2%
	Value Cycle	9,627,522	10,514,280	886,757	9.2%
	Retailing and Licensing	4,556,414	5,067,230	510,816	11.2%
Incubation Business		1,203,109	977,799	△225,310	△18.7%
Corporate/Counterbalance		—	△923	△923	—
Total		19,226,513	20,711,495	1,484,981	7.7%

（2）Status of equipment investment

The corporate Group spent 150 Million JPY this consolidated fiscal year in equipment investments for the system development (business expansion and system enhancement) in the Cross Border Business and the expansion of facilities (business expansion) in Value Cycle Business.

（3）Status funding

Not applicable

（4）Status of business transfer, absorption-type split and incorporation-type split

Not applicable

（5）Status of handed business from other companies

Not applicable

（6）Status of succession of rights and obligations related to the business of other companies by absorption-type merger or absorption-type split

Not applicable

（7）Status of the acquisition or disposal of shares and other equity or stock acquisition rights of other companies

Not applicable

（8）Issues the Company should address

The BEENOS Group aims to become the “Global Platform Frontier” by using Information Technology and the internet to create new businesses and marketplaces.

We plan to share Japan’s wonderful products and contents across the world through the global marketplaces we have networked with, and circulate marvelous products from around the world to Japan and other Asian countries to create a global commerce, subsequently increasing our corporate value.

Our business strategies to become the Global Platform Frontier are as follows. The items listed have been made by the group at the time of the distribution of this notification.

1. Expand the domestic circulation network and pioneer new contents
   We will go beyond E-Commerce to bolster the domestic circulation network and aid in the increase of sales in products and partners to create new dominant products and contents, and to strengthen our product development.

2. Network with foreign marketplaces
   We aim to fortify and expand the networks we have made through collaborations and investments in foreign marketplaces to increase circulation and create a business that will use big data to pick up signs of upcoming trends.

3. Investment and consultation
   We hope to make more revenue from domestic and foreign investments through the experience and knowledge we have accumulated in E-Commerce, subsequently expanding our global commerce network.

（9）Financial position and profits and losses

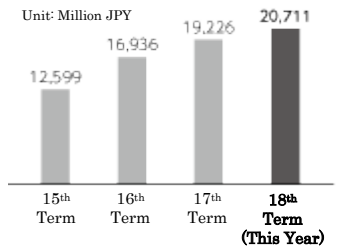
① Financial position and profits and losses of the corporate group

Classification		15th Term (September 2014)	16th Term (September 2015)	17th Term (September 2016)	(Current Fiscal Year) 18th Term (September 2017)
Net Sales	(1,000 JPY)	12,599,757	16,936,004	19,226,513	20,711,495
Net Income (△Net Losses)	(1,000 JPY)	△450,666	898,339	940,578	1,011,418
Net Income per Share (△Net Losses per Share	(1,000 JPY)	△37.82	73.83	77.10	82.44
Total Assets	(1,000 JPY)	7,706,259	10,019,023	13,095,158	14,749,714
Net Assets	(1,000 JPY)	4,557,995	5,679,499	8,025,608	9,240,103
Net Assets per Share	(1,000 JPY)	365.15	448.15	548.80	638.13

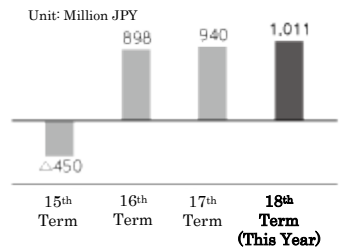
Note: 1. Net Income per Share (△Net Losses per Share) is calculated upon the annual average outstanding total shares

2. The Company conducted a 100-for-1 stock split of common stocks as of 1 April 2014. The Net Income per Share (△Net Losses per Share) and Net Assets per Share are calculated assuming that the stock split was conducted at the beginning of each fiscal year.

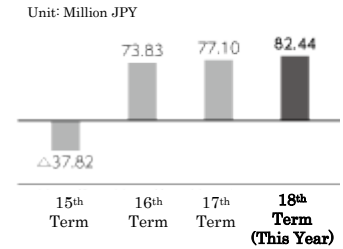
Net Sales



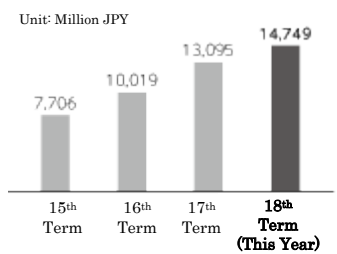
Profit Attributable to Owners of Parent



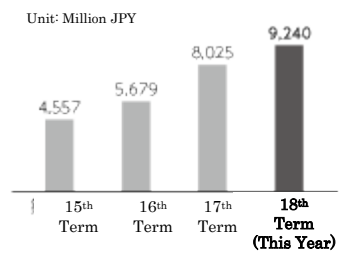
Net Income per Share



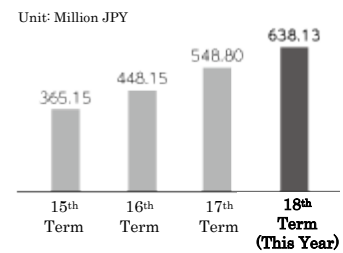
Total Assets



Net Assets



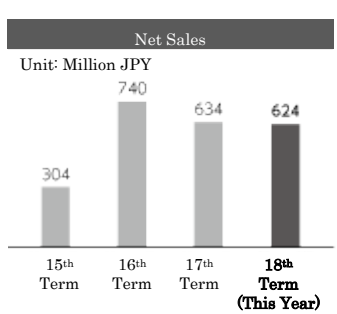
Net Assets per Share

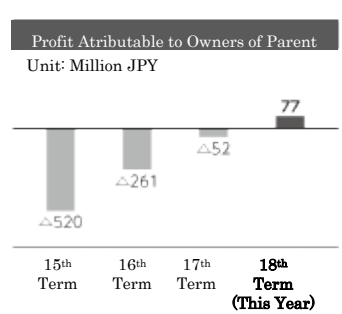


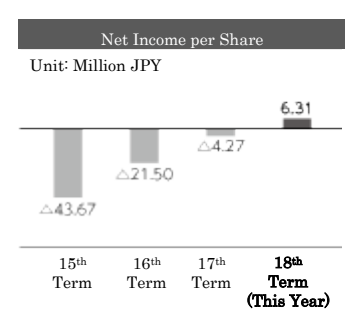
② Financial position and profits and losses of the company

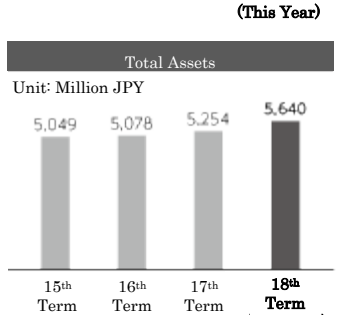
Classification		15th Term (September 14)	16th Term (September 15)	17th Term (September 16)	(Current Fiscal Year) 18th Term (September 17)
Net Sales	(1,000 JPY)	304,971	740,061	634,091	624,947
Net Income (△Net Losses)	(1,000 JPY)	△520,379	△261,550	△52,133	77,363
Net Income per Share (△Net Losses per Share)	(JPY)	△43.67	△21.50	△4.27	6.31
Total Assets	(1,000 JPY)	5,049,211	5,078,415	5,254,315	5,640,229
Total Assets	(1,000 JPY)	4,492,055	4,289,665	4,010,883	4,050,669
Net Assets per Share	(JPY)	367.82	350.57	327.64	329.09

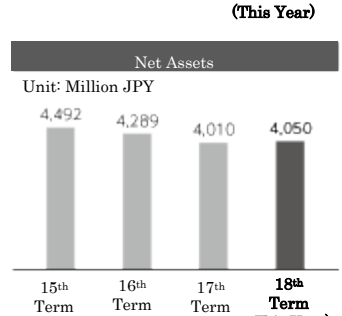
Note: 1. Net Income per Share (△Net Losses per Share) is calculated upon the annual average outstanding total shares
2. The Company conducted a 100-for-1 stock split of common stocks as of 1 April 2014. The Net Income per Share (△Net Losses per Share) and Net Assets per Share are calculated assuming that the stock split was conducted at the beginning of each fiscal year.

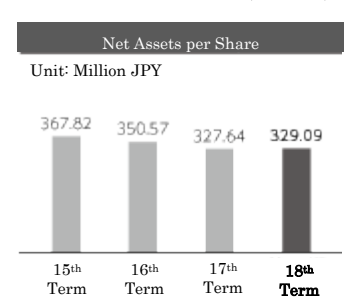












（10）Main business segment of the corporate Group（as of 30 September 2017）

Segment		Business Description
E-Commerce	Cross Border	Overseas Forwarding and Proxy Purchasing Business “tenso.com” and “Buyee” Global Shopping Business “sekaimon”
	Value Cycle	Internet Shopping and Buy-Back Business “Brandear”
	Retailing and Licensing	Producing and Licensing Business “monosense” Internet Shopping Business “netprice”
Incubation		Investment and Consultation Business Pre-Monetized Start-up Business

(11) Status of Main Subsidiaries

Company Name	Capital Funds or Investment Amount (Unit Currency)	Voter Holding Ratio	Business Description
tenso inc	100,000 (1,000 JPY)	100.0 %	Overseas Forwarding and Proxy Purchasing Business
TENSO UK LTD	8,000 (1 GBP)	100.0 % (100.0) %	Proxy Purchasing Business
TAIWAN TENSO. INC	5,580 (1,000 TWD)	100.0 % (100.0) %	Proxy Purchasing Business
Shop Airlines, Ltd	100,000 (1,000 JPY)	100.0 %	Global Shopping Business
Shop Airlines Japan	10,000 (1,000 JPY)	100.0 % (100.0) %	Global Shopping Business
Shop Airlines America, Inc.	2,200 (1,000 USD)	100.0 % (100.0) %	Global Shopping Business
Shop Airlines Europe B.V.	1,250 (1,000 EUR)	100.0 % (100.0) %	Global Shopping Business
Defactostandard, Ltd.	1,205,052 (1,000 JPY)	58.1 %	Internet Shopping and Buy-Back Business
monosense, Ltd.	30,000 (1,000 JPY)	100.0 %	Producing and Licensing Business
SWATi inc.	18,000 (1,000 JPY)	100.0 % (100.0) %	Producing and Licensing Business
netprice Ltd.	100,000 (1,000 JPY)	100.0 %	Product Development for Online Shopping Business
BEENOS Partners	90,000 (1,000 JPY)	100.0 %	Investment and Consultation Business
BEENOS Asia Pte. Ltd.	10,800 (1,000 USD)	100.0 %	Investment and Consultation Business

Note: The ratio inside the parentheses signifies the indirect holding ratio

(12) Main offices (as of 30 September 2017)

① BEENOS office

名　　称	所　在　地
BEENOS Inc.	Shinagawa, Tokyo

② Subsidiary Offices

Name	Location
t e n s o, inc.	Shinagawa, Tokyo
TENSO UK LTD	Haslemere, Surrey, England
TAIWAN TENSO, INC.	Taipei, Taiwan
Shop Airlines, Ltd.	Shinagawa, Tokyo
Shop Airlines Japan	Shinagawa, Tokyo
Shop Airlines America, Inc	San Jose, California, USA
Shop Airlines Europe B.V.	Amsterdam, the Netherlands
Defactostandard, Ltd	Ota, Tokyo
monosense, Ltd	Shinagawa, Tokyo
SWATi inc.	Chuo, Tokyo
netprice. Ltd	Chuo, Tokyo
BEENOS Partners	Shinagawa, Tokyo
BEENOS Asia Pte Ltd.	Republic of Singapore

(13) Status of Employees (as of September 2017)

① Status of employees for the corporate group

Segment		Employees	Fluctuation from previous fiscal year
E-Commerce	Cross Border	141 (145)	52 (48)
	Value Cycle	55 (425)	9 (△15)
	Retailing and Licensing	75 (23)	△3 (6)
Incubation		2 (—)	△1 (—)
Corporate		27 (4)	2 (2)
Total		300 (597)	59 (41)

Note:1. Employees include working employees. Temporary employees are listed in parentheses and are calculated on an 8 hour/day average.
2. Employees listed under Corporate are administrative staff working in departments and on tasks that encompass the entire group

② Status of employees of the company

Gender	Employees	Fluctuation from previous fiscal year	Average Age	Average length of service
Male	13 (—)	1 (—)	34.9	2.3 Years
Female	14 (3)	1 (1)	34.2	5.0 Years
Total/Average	27 (3)	2 (1)	34.6	3.7 Years

Note: Employees include working employees. Temporary employees are listed in parentheses.

(14) Status of Main Lenders (as of 30 September 2017)

Lender	Lending Amount (Unit: 1,000 JPY)
Resona Bank, Limited	558,645
Sumitomo Mitsui Banking Corporations	300,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	160,000
The Keiyo Bank, Ltd.	100,000
Shoko Chukin Bank	74,842

(15) Other important items relevant to the corporate group
Not applicable

2．Status of Shares（30 September 2017）

（1）Total Authorized Shares　45,000,000

（2）Total Issued Shares　12,332,600（Including 37,718 Treasury Shares）

（3）Number of Shareholders　6,552

（4）Main Shareholders（Top 10）

Shareholder's Name	Number of Shares	Stock Holding Rate
Teruhide Sato	2,861,300	23.27%
Digital Garage,Inc.	1,227,000	9.98%
Japan Trustee Services Bank, Ltd.	825,600	6.71%
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	547,191	4.45%
MSCO CUSTOMER SECURITIES	331,148	2.69%
GOLDMAN,SACHS & CO.REG	299,772	2.44%
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS MILM FE	256,720	2.09%
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	236,095	1.92%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	213,300	1.73%
Ueda Yagi Tanshi Co., Ltd.	168,300	1.37%

Note: The 37,718 treasury shares are not included in the main shareholders (top 10), and are not counted in the stock holding ratio.

3. Status of Stock Acquisition Rights

（1）Status of Stock Acquisition Rights held by BEENOS Group Directors issued as a remuneration for discharge of duties (as of 30 September 2017)

	7th New Stock Acquisition Rights		8th New Stock Acquisition Rights
Date of Resolution	19 December 2007		19 December 2007
Classification	Director (Excluding Audit and Supervisory Committee)	Director (Audit and Supervisory Committee)	Director (Excluding Audit and Supervisory Committee)
Number of Holders	1	1	1 *
Number of Share Acquisition Rights	40	10	3
Number of Shares to be Issued	4,000	1,000	300
Type of Shares to be Issued	Common Shares		Common Shares
Issuance Price per Acquisition Right	None		None
Exercising Price per Right Execution	513 JPY		513 JPY
Exercise Period	20 December 2012～ 19 December 2017		20 December 2012～ 19 December 2017

*Granted prior to being appointed Director (excluding Audit and Supervisory Committee)
Note: Common shares were split on a 1 to 100 ratio as of 1 April 2014

（2）Status of Stock Acquisition Rights issued to employees as a remuneration for discharge of duties in this fiscal year

Not applicable

4. Status of Company Directors

（1）Status of directors (as of 30 September 2017)

Position in Company	Name	Status of significant concurrent positions
President	Shota Naoi	Group CEO CEO, tenso, inc.
Vice President	Koji Nakamura	Group CFO Director, Defactostandard, Ltd.
Director	Taku Takeuchi	CEO, Shop Airlines, Ltd.
Director	Kenichi Sento	CEO, monosense, Ltd.
Director (Full-time Audit & Supervisory Committee Member)	Yasukazu Joho	Auditor, Defactostandard, Ltd.
Director (Audit & Supervisory Committee Member)	Kibo Kondo	CEO, Zeon Consulting Co., Ltd.
Director (Audit & Supervisory Committee Member)	Yoshindo Takahashi	Adviser, Executive Partners Inc. Auditor, Ceres inc.

Note: 1. Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi are external directors.
2. BEENOS has registered external directors Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi to the Tokyo Stock Exchange as independent officers.
3. BEENOS has elected Yasukazu Joho as Full-time Audit & Supervisory Committee member to improve information gathering, strengthening the managing and auditing capabilities of the committees and closely cooperate with the internal control division.
4. Audit & Supervisory Committee member Kibo Kondo is a certified public accountant and have considerable knowledge for financing and accounting.
5. BEENOS has made a contract agreement with Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi in regards to the limit of liability for damages as stated in Article 427 Section 1 of the Companies Act. The amount limit for the liability of damages is set at the minimum responsibility amount as legally established.

（2）Total amount of remuneration paid to Directors

Title	Number of People	Amount (Unit: 1,000 JPY)	Notes
Director (Excluding Audit & Supervisory Committee Members)	4	118,797	The remuneration amount for Directors (excluding Audit & Supervisory Committee members) was set within 200 Million JPY and within 50 Million JPY for Directors (Audit & Supervisory Committee members) as ratified during the 16th Annual Meeting of Shareholders (held on 10 December 2015).
Directors (Audit & Supervisory Committee Members) (External Directors)	3 (3)	19,200 (19,200)	
Total (External Directors)	7 (3)	137,997 (19,200)	

Nots: 1.The remuneration amount includes the 42.6 Million JPY recorded for provision for directors' bonuses.
2. Aside from the amount listed above, 5 Directors and Auditors have received a total of 60.65 Million JPY in remuneration from subsidiaries.
3. The remuneration amount for directors (excluding Audit & Supervisory Committee members) was set within 200 Million JPY as ratified during the General Meeting held on 10 December 2015. Apart from this, the remuneration for restricted stock for Audit & Supervisory Committee members was set within 120 Million JPY as ratified during the General Meeting held on 15 December 2015.
4. The remuneration amount for Auditors was set within 50 Million JPY as ratified during the General Meeting held on 10 December 2015).

（3）Items on external officers

① Relationship between the Company and companies where External Officers hold significant concurrent positions

There are no special relationships between the Company and companies where External Officers hold concurrent positions.

Director (Full-time Audit & Supervisory Committee Member)	Yasukazu Joho	Auditor, Defactostandard, Ltd.
Director (Audit & Supervisory Committee Member)	Kibo Kondo	CEO, Zeon Consulting Co., Ltd.
Director (Audit & Supervisory Committee Member)	Yoshindo Takahashi	Adviser, Executive Partners Inc. Auditor, Ceres inc.

② Principle Activities in this fiscal year

Attendance in Board Meetings and Audit & Supervisory Committee Meetings

Position	Name	Board Meeting Attendance	Audit & Supervisory Committee Meeting Attendance	Activities
External Director (Full-time Audit & Supervisory Committee Member)	Yasukazu Joho	17 of 17	13 of 13	Offered advice and asked questions from a financial standpoint
External Director (Audit & Supervisory Committee Member)	Kibo Kondo	17 of 17	13 of 13	Offered advice and asked questions from a technical perspective as a certified accountant to ensure appropriate decision-making in board meetings
	Yoshindo Takahashi	17 of 17	13 of 13	Offered advice and asked questions from a corporate management standpoint

5. Accounting Auditors

（1）Name of Accounting Auditors　　Deloitte Touche Tohmatsu LLC

（2）Remuneration for the Accounting Auditors

	Value (Unit: 1,000 JPY)
Amount for remuneration for this fiscal year	28,000
Total amount of cash and other economic benefits to be paid by the Company and consolidated subsidiaries	28,000

Note: 1. The total remuneration amount for the fiscal year is listed as the contract between BEENOS and the auditor and is not made to feasibly calculate the difference between the auditing under the Companies Act and the auditing under the Financial Instruments and Exchange Act
2. BEENOS subsidiaries Defactostandard, Ltd. and BEENOS Asia Pte. Ltd. are being audited by other auditing firms.

（3）Audit & Supervisory Committee Agree Accounting Auditors Remuneration

Audit & Supervisory Committee agreed to the remuneration of the accounting auditors as stipulated in Article 399 Section 1 of the Companies Act, after receiving necessary materials from applicable divisions within the company and accounting auditors, confirming existing reports of the auditor's previous achievements and remunerations, and confirming whether the estimates for this fiscal year were reasonable

（4）Decision-making policy of dismissal or non-reappointment of Independent Auditor

The Independent Auditor may be dismissed by the Audit & Supervisory Committee with unanimity of Audit & Supervisory Committee Members when the Independent Auditor corresponds to any of Article 340, Section 1 of the Companies Act. In this case, the Audit & Supervisory Committee will report the information including the reason if the dismissal of the Auditor at the ensuing Annual Meeting.

Furthermore, the Audit & Supervisory Committee will view the Independent Auditor's overall performance and will propose to the Annual Meeting the dismissal or non-reappointment of the Auditor if it deems necessary.

6. Overview of system to ensure appropriateness of the operations

The Board of Directors has resolved on the following systems to ensure that the framework for working operations coincide with the law and its articles of incorporation and that the framework and operations for the Company and its subsidiaries are appropriate.

(1) The framework to secure appropriate working operations that coincide with the law and the articles of incorporation for the directors and employees of the Company and its subsidiaries

The directors and employees of the Company and its subsidiaries will work in accordance to the "Compliance Rules" with high moral ethics and a good conscience and will behave responsibly and comply with social norms as they strictly follow the law, articles of incorporation and corporate rules. Furthermore it will form a Compliance Committee that will maintain an internal reporting system for any persons violating any laws, articles of incorporation or corporate rules.

(2) The framework to eliminate any antisocial forces

The Company and its subsidiaries will sever all deals and support with antisocial forces, will not succumb to any undue claims by antisocial forces, maintain an infrastructure at an administrative level to collectively administer against any interference, damages, mental or physical abuse from antisocial forces and cooperate with the police and other relevant agencies to take a firm stance as an organization against such forces.

(3) Items to store and administer the execution of duties of the Company's directors

In order to store and administer the execution of duties of the Company's directors, the administrative section shall take charge in recording, in writing or electronically, all applicable execution of duties and saving and administrating it for the applicable period of time in accordance with the "Document Handling Rules".

The Company's director will be able to see the recordings at any time and the officer in charge must quickly respond to the director's request.

(4) The regulations and framework to administer to any losses or danger to the Company or its subsidiaries

The risk management infrastructure for the Company and its subsidiaries will be done under the "Risk Management Rules" overseen by the Director in charge of the administrative section. The Business Process Re-engineering Department will foresee and assess specific risks to create a speedy and

appropriate reporting process and emergency plan, and report all matters regarding risk management regularly to the Board of Directors.

In the case an unexpected incident occurs, a task force will be created with the CEO at the helm and a resolution will be made immediately along with a plan to prevent repeated incidents.

Furthermore, subsidiaries will also comply with company rules and regulations to avert any losses or danger and adopt policies into their respective circumstances.

（5） The framework for directors and employees to execute duties efficiently

The Board of Directors will create a corporate-wide plan and each appropriate director will create specific measurable goals and action plans for each segment to accomplish those goals. Progress on key indicators will be reported on a weekly basis while budgets will be updated monthly.

The Board of Directors will meet on a monthly basis to report on business progress and monthly closing, take care of any items regarding the execution of duties of the directors and decide on any important matters for the execution of operations.

The Company will create appropriate committees under the “Administrative Authority Rules” to facilitate the decisions of decisive matters.

The Company will place a director and auditor at each subsidiary to secure efficiency of work execution. They will also monitor the monthly progress of the Company and its subsidiaries of its annual budget and mid to long term plan. They will receive reports on other important information regarding each subsidiary.

（6） The framework to secure appropriate work for the Corporate Group within the Company and its subsidiaries

The company will place a director and auditor at each subsidiary to monitor execution of duties.

The Related Company Administration Department will gather the administration of each subsidiary and will work under the “Related Company Administration Rules” to receive reports beforehand so to be able to bring any appropriate agenda items to the Board Meeting. The Process Re-engineering Department will internally checkup on the subsidiaries for risk management and legal compliance

under the “Internal Auditing Rules”.

（7） Framework to secure the reliability of financial reports

The Company will create an internal control system to secure the reliability of financial reports and create an internal control report as determined by the Financial Instruments and Exchange Act. The Process Re-engineering Department will periodically evaluate the system so to secure its validity with the Financial Instruments and Exchange Act and other related laws.

（8） Items regarding employees to aid the work of the Audit & Supervisory Committee (hereby known as “Aid Employees”) as well as items to keep Aid Employees independent from the Company’s directors (excluding the Audit & Supervisory Committee) and items to secure a workable system to designate Aid Employees

The Audit & Supervisory Committee can arrange for a specific Aid Employee to assist in the work of the Committee and the Company will council with the Committee to select the Aid Employee.

The Aid Employee will not receive any direction from directors (excluding the Audit & Supervisory Committee) and employees. If the Aid Employee is transferred or evaluated, they will hear and respect the decision of the Audit & Supervisory Committee.

（9） The framework for the Company and its subsidiaries’ directors and employees to report to the Audit & Supervisory Committee

The Full-time Audit & Supervisory Committee Member will attend all Board of Director’s meetings and other important meetings and will see all final documents as well as related materials. If the Company or its subsidiaries’ director or employee commits a grave crime or greatly damages the Company or its subsidiary, the Audit & Supervisory Committee Member will immediately report it to the Audit & Supervisory Committee and can request a report from the director or employee if necessary. The Full-time Audit & Supervisory Committee Member will also serve as an auditor for a main subsidiary to further authenticate the reporting process of the director, other auditors and employees of said subsidiary. The Full-time Audit & Supervisory Committee Member will report on a monthly basis to the Audit & Supervisory Committee.

The Company and its subsidiaries will not improperly handle anybody who files such a report and will report it throughout to the directors and employees of the Company and its subsidiaries.

（１０） The framework to secure an effective audit for the Audit & Supervisory Committee

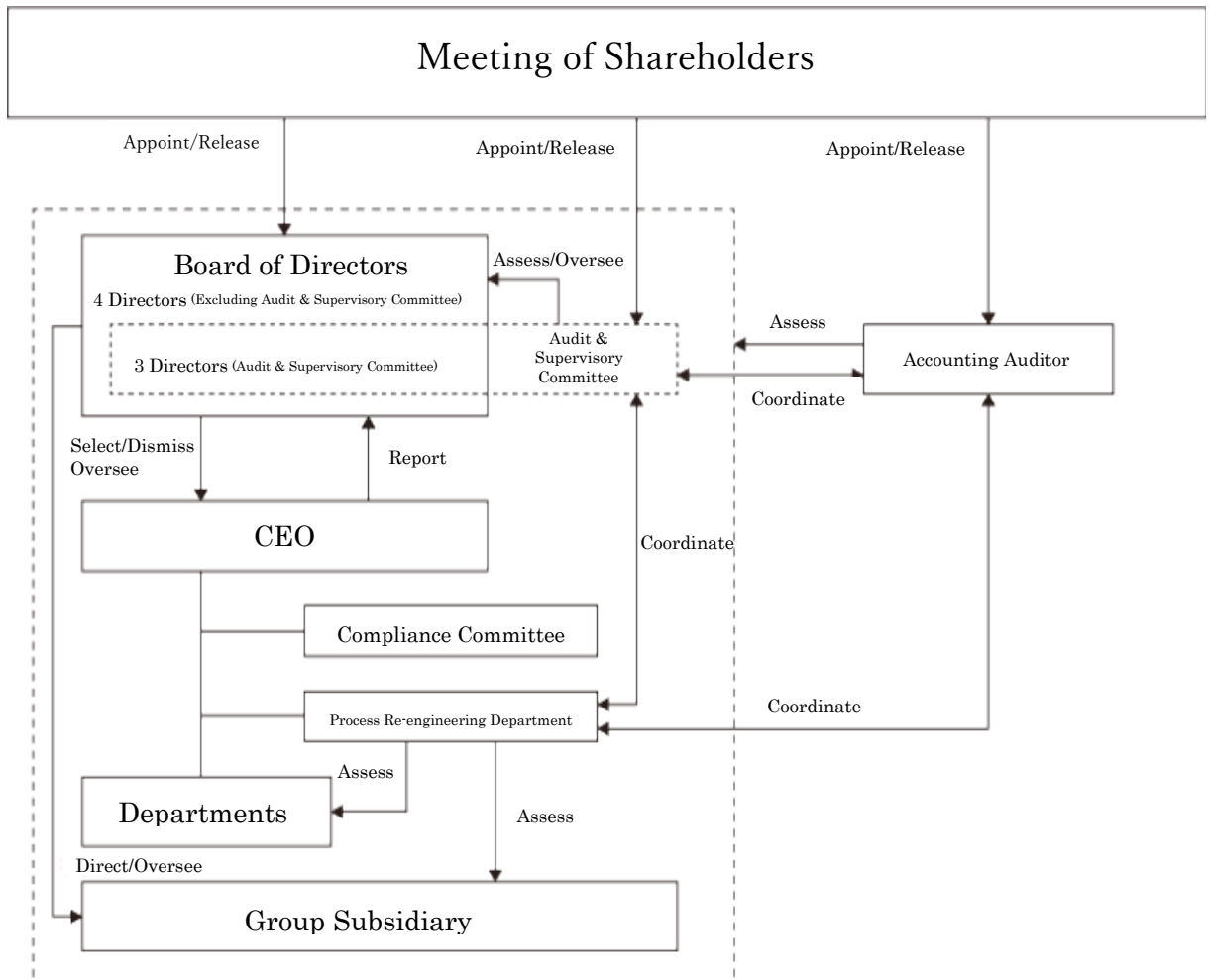
The Board of Directors will not refuse the attendance of an Audit & Supervisory Committee member to an important company meeting to ensure that the Audit & Supervisory Committee member can be readily available to receive reports from a director or employee to effectively understand the decision-making process and working status of the Company. The Audit & Supervisory Committee member will cooperate closely with the financial auditor and the Process Re-engineering Department and exchange information regularly and will exchange information with the legal advisor if necessary.

（１１） Items that will need to be paid in advance for Audit & Supervisory Committee members for the execution of duties or reimbursement procedures for expenditures for the execution of duties or the policy for the processing of liabilities

The Company will quickly process any expenses or liabilities that are necessary for the Audit & Supervisory Committee member to execute duties upon reviewing it with the proper department under the condition that the department does not deem the expense or liability unnecessary.

Note: The Company refers “In-house regulations” as to “rules”.

●Corporate Governance Image



As the Company switched to a company with an Audit & Supervisory Committee as of 10 December 2015, we have been improving the functionality of the oversight and auditing as conducted by the Audit & Supervisory Committee as well as our internal auditing system as practiced by our Internal Auditing Division.

The following is the overview of this year's operation status:

（1） About the Internal Auditing System

The Process Re-engineering Department has monitored the Internal Auditing System to clarify issues and improve or remedy them. Furthermore, we have conducted the "The evaluation of the effectivity of internal control for financial reporting" under the Financial Instruments and Exchange Act.

（2） About the Compliance Framework

We have conducted the Compliance Committee meeting (twice this Fiscal Year) for the purpose of examining and strengthening the legal compliance framework. We have identified and have formed and instigated countermeasures to compliance issues. We have also conducted training on compliance to all new employees upon employment and all executive officers in the Company and its subsidiaries.

（3） About the elimination of antisocial forces

We conducted a search on Nikkei Telecom for all articles related to the Company and its business connections under the "Antisocial force relation discontinuation rules". We have also conducted the same research for new connections prior to our involvement. Furthermore, we have included articles to eliminate relationships with antisocial forces in all binding documents.

（4） About the risk management framework

The Process Re-engineering Department, upon formulating an internal assessment plan, has projected specific risks within the Company and its subsidiaries and has reported it to the Board and confirmed the maintaining of countermeasures for said risks.

（5） About the corporate management of subsidiaries

Directors and the Full-time Audit & Supervisory Committee Member hold an additional post as director and auditor of each subsidiary and attends their respective Board meetings on a monthly basis to oversee the subsidiary directors' execution of duties. The Affiliate Administration division supervises the monthly progression of the budget as well as understand each company's business strategy and budget progression on a monthly basis by attending the monthly Company group meeting which every CEO of each subsidiary reports in.

（6） About the execution of duties for the directors

To secure the framework that directors are effectively executing their duties, a Board meeting was held on a monthly basis, along with interim Board meetings, totaling to 15 Board meetings this Fiscal

Year. Monthly financial statements, business reports, the oversight of the work status of directors and other important business matters are discussed in monthly Board meetings.

（7）About the evaluation of effectiveness of the Board of Directors

We analyze and evaluate the effectiveness of the Board of Directors at the Board of Directors Meetings by taking surveys from all Directors including the External Audit & Supervisory Committee, taking the results of the discussions made by Audit & Supervisory Committee into considerations, and utilizing the results for improving its operation.

The discussion of the FY2017 confirmed that the Board of Directors has a sufficient system for supervising and is functioning effectively as it offered information for each item in advance and made sufficient discussion by exchanging opinion during the day.

（8） About the Audit & Supervisory Committee member

The Audit & Supervisory Committee member attends Board meetings and other important meetings to check on reports given by directors and monitor the contents and process by which business decisions are made.

The Audit & Supervisory Committee member receives assessment reports from the Process Re-engineering Department on a regular basis and communicates with the Process Re-engineering Department on a day-to-day business to implement an effective assessment framework across the corporate Group.

7．Policy on the Determination of Dividends from Surplus

BEENOS holds its profit return policy in high regards to give back to shareholders by expanding its business foundation and progressing its financial ground. It does so by carefully reviewing its business performance and returns profits through dividends

Based on the aforementioned policy, the annual dividend will be determined comprehensively by taking the consolidated financial statements, improvement of financial conditions related to the single financial position, the internal reserves for the future business expansions, etc. into consideration.

Consolidated Balance Sheet (30 September 2017)

(Units: 1,000 JPY),

Account	Amount	Account	Amount
(Assets Section)		(Liabilities Section)	
Current Assets	13,013,942	Current Liabilities	5,255,384
Cash and Deposit	6,542,131	Account Payable	440,379
Account Receivable	841,345	Short-term Loan	1,118,645
Operational Investment Securities	2,568,278	Current Portion of Long-term Debt	29,040
Accounts Receivable - Other	1,178,062	Accounts Payable – Other	1,654,134
Products	1,109,251	Income Taxes Payable	313,325
Deferred Tax Assets – Current	143,967	Deposit Received	825,046
Other	648,000	Deferred Tax Debts – Non current	2,266
Allowance for Cancellation Loss	△17,094	Other	872,545
Fixed Asset	1,735,772	Fixed Liabilities	254,227
Tangible Assets	253,910	Long-term Loan	82,942
Buildings and Structures	404,897	Asset Retirement Obligation	163,423
Tools, Materials and Supplies	134,432	Deferred Tax Debts – Non current	877
Accumulated Depreciation	△285,419	Other	6,983
Intangible Assets	254,037	Total Liabilities	5,509,611
Goodwill	92,971	(Net Assets Section)	
Software	156,995	Capital Stock	7,581,233
Other	4,071	Capital Stock	2,775,840
Investments etc.	1,227,824	Capital Surplus	2,892,687
Investment Account Security	667,083	Retained Earnings	1,966,473
Deferred Tax Assets – Current	80,915	Common Stock for Treasury	△53,767
Other	479,824	Accumulated Other Comprehensive Income	264,482
		Valuation Difference on Available-for-sale Securities	34,689
		Exchange Conversion Adjustment Account	229,793
		Equity Warrant	5,256

		Minority Stockholder Equity Interest	1,389,130
		Net Assets Section	9,240,103
Total Assets	14,749,714	Total Liabilities	14,749,714

Note: Amounts Rounded down to the nearest thousand yen.

Consolidated Profit & Loss Statement (1 October 2016 – 30 September 2017)

(Units: 1,000 JPY),

Account	Amount	
Net Sales		20,711,495
Cost of Sales		9,525,344
Net sales		11,186,150
Selling, General and Administrative Expenses		9,678,903
Operating Income		1,507,247
Non-operating Income		
Interest Income	140	
Equity in Earnings of Affiliates	26,935	
Investment Partnership Gains	73,646	
Other	17,230	117,953
Non-operating Expenses		
Income Expenses	12,018	
Exchange Loss	57,333	
Other	3,239	72,591
Ordinary Income		1,552,609
Income Before Income Taxes		1,552,609
Income Taxes – Current	440,389	
Income Taxes – Deferred	△29,000	411,389
Net Income		1,141,220
Profit Attributable to Non-Controlling Interests		129,801
Profit Attributable to Owners of Patent		1,011,418

Note: Amounts rounded down to the nearest thousand yen.

Consolidated Statements of Changes in Net Assets

(1 October 2016 – 30 September 2017)

(Units: 1,000 JPY)

	Shareholder's Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity Total
Balance on 1 October 2016	2,725,977	3,129,121	955,054	△94,498	6,715,654
Changes during Consolidated Fiscal Year					
Issuance of New Shares	49,863	49,863			99,726
Dividends from Surplus		△220,070			△220,070
Profit Attributable to Owners of Parent			1,011,418		1,011,418
Disposal of Treasury Stock		△15,363		40,731	25,367
Profit Attributable to Non-Controlling Interests		△50,861			△50,861
Net Changes of Items other than Shareholders' Equity					
Total Changes during Consolidated Fiscal Year	49,863	△236,433	1,011,418	40,731	865,578
Balance on 30 September 20171	2,775,840	2,892,687	1,966,473	△53,767	7,581,233

	Total Accumulated Other Comprehensive Income			Subscription Rights to Shares	Non-Controlling Interest	Total Net Assets
	Valuation Differences on Available-for-sale Securities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income			
Balance on 1 October 2016	△42,932	22,834	△20,097	14,235	1,315,815	8,025,608
Changes during Consolidated Fiscal Year						
Issuance of New Shares						99,726
Dividends from Surplus						△220,070
Profit Attributable to Owners of Parent						1,011,418
Disposal of Treasury Stock						25,367
Profit Attributable to Non-Controlling Interests						△50,861
Net Changes of Items other than Shareholder's Equity	77,621	206,958	284,579	△8,978	73,314	348,916
Total Changes during Consolidated Fiscal Year	77,621	206,958	284,579	△8,978	73,314	1,214,495
Balance on 30 September 2017	34,689	229,793	264,482	5,256	1,389,130	9,240,103

Note: Amounts rounded down to the nearest thousand.

Balance Sheet (30 September 2017)

(Units: 1,000 JPY)

Account	Amount	Account	Amount
(Assets Section)		(Liabilities Section)	
Current Assets	2,757,049	Current Liabilities	1,534,367
Cash and Deposit	1,001,732	Short-term Loan	1,103,645
Operational Investment Securities	851,342	Account Payable - Other	101,203
Prepaid Expenses	50,262	Accounts Payable to Affiliates	235,012
Accounts Receivable	38	Income Taxes Payable	23,485
Accounts Receivable from Affiliates	189,987	Accrued Expenses	1,236
Advances Paid Receivable from Affiliates	86,061	Deposit Received	23,174
Short-term Loans Receivable from Affiliates	553,645	Directors' Bonus Allowance	42,605
Deferred Tax Assets - Current	13,902	Other	4,005
Other	10,078	Fixed Liabilities	55,192
Fixed Assets	2,883,179	Asset Retirement Obligation	55,192
Tangible Assets	35,329	Total Liabilities	1,589,559
Buildings	141,695	(Net Assets Section)	
Tools, Materials and Supplies	55,227	Capital Stock	4,004,101
Accumulated Depreciation	△161,594	Capital Stock	2,775,840
Intangible Assets	15,252	Capital Surplus	2,117,490
Software	11,181	Capital Reserve	482,277
Other	4,071	Other Capital Surplus	1,635,212
Investments etc.	2,832,598	Earned Surplus	△835,461
Investment Account Securities	519,142	Other Earned Surplus	△835,461
Shares of Affiliates	1,919,953	Retained Earnings Brought Forward	△835,461
Lease and Guarantee Deposits	135,341	Common Stock for Treasury	△53,767
Insurance Reserve Fund	164,313	Valuation and Translation Adjustments	42,052

Deferred Tax Assets - Current	57,258	Valuation Differences on Available-for-sale Securities	42,052
Other	36,589	Equity Warrant	4,515
		Net Assets Section	4,050,669
Total Assets	5,640,229	Total Liabilities	5,640,229

Note: Amounts rounded down to the nearest thousand yen.

Profit & Loss Statement (1 October 2016 – 30 September 2017

(Units: 1,000 JPY)

Account	Amount	
Operating Income		624,947
Operating Expenses		703,134
Total Operating Loss		78,186
Non-operating Income		
Interest Income	10,373	
Commission Received	861	
Gain on Bad Debts Recovered	1,149	
Investment Partnership Gains	73,646	
Miscellaneous Income	802	86,833
Non-operating Expenses		
Income Expenses	10,137	
Exchange Loss	506	10,644
Ordinary Loss		1,997
Loss Before Income Taxes		1,997
Income Taxes - Current	△41,236	
Income Taxes - Deferred	△38,123	△79,360
Net Income		77,363

Note: Amounts rounded down to the nearest thousand yen.

Statements of Changes in Net Assets (1 October 2016 – 30 September 2017)

(Units: 1,000 JPY)

	Shareholder's Equity							
	Capital Stock	Capital Surplus			Retained Earnings		Treasury Stock	Shareholder's Equity Total
		Capital Reserve	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings Retained Earnings Brought Forward	Total Retained Earnings		
Balance on 1 October 2016	2,725,977	410,407	1,892,654	2,303,061	△912,824	△912,824	△94,498	4,021,715
Changes during Fiscal Year								
Issuance of New Shares	49,863	49,863		49,863				99,726
Dividends from Surplus		22,007	△242,077	△220,070				△220,070
Net Income					77,363	77,363		77,363
Disposal of Treasury Stock			△15,363	△15,363			40,731	25,367
Net Changes of Items Other Than Shareholder's Equity								
Total Changes during Fiscal Year	49,863	71,870	△257,441	△185,571	77,363	77,363	40,731	△17,614
Balance on 30 September 2017	2,775,840	482,277	1,635,212	2,117,490	△835,461	△835,461	△53,767	4,004,101

	Valuation, Translation Adjustments and Others		Subscription Rights to Shares	Total Net Assets
	Valuation Differences on Available-or-sales Securities	Exchange Conversion Adjustment Account		
Balance on 1 October 2016	△24,326	△24,326	13,494	4,010,883
Changes d Fiscal Year				
Issuance of New Shares				99,726
Dividends from Surplus				△220,070
Net Sales				77,363
Disposal of Treasury Stock				25,367
Net Changes of Items other than Shareholder's Equity	66,378	66,378	△8,978	57,400

Total Changes during Fiscal Year額合計	66,378	66,378	△8,978	39,786
Balance on 30 September 2017	42,052	42,052	4,515	4,050,669

Note: Amounts rounded down to the nearest thousand

Auditor's Report on Consolidated Financial Statements

Independent Auditor's Report

20 November 2017

To the Board of Directors of BEENOS Inc.

Deloitte Touche Tohmatsu LLC

Designated Limited Liability Partner Executive Member	Certified Accountant	Shuji Shimojo	㊞
Designated Limited Liability Partner Executive Member	Certified Accountant	Kuniko Yamamoto	㊞

We have audited the consolidated financial statements of BEENOS Inc. from 1 October 2016 to 31 September 2017 as of Article 222 Section 4 of the Companies Act, and the related consolidated balance sheet, consolidated profit & loss statement, consolidated statements of changes in net assets, and notes on consolidated financial statement.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principle generally accepted in Japan. This includes management to organize and operate necessary internal control in order to enable the preparation of consolidated financial statements that are free from material misstatements due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BEENOS Inc. and its consolidated subsidiaries and the consolidated results of their operations and their financial statement in accordance with accounting principles generally accepted in Japan.

Vested Interest

There is no vested interest between the Company and the audit or its executive member to be listed as stipulated in the Certified Public Accountants Act.

-End-

Auditor's Report

Independent Auditor's Report

20 November 2017

To the Board of Directors of BEENOS Inc.

Deloitte Touche Tohmatsu LLC

Designated Limited Liability Member Executive Member	Certified Accountant	Shuji Shimojo	㊞
Designated Limited Liability Member Executive Member	Certified Accountant	Kuniko Yamamoto	㊞

We have audited the financial statements of BEENOS Inc. from 1 October 2016 to 31 September 2017, the 18th fiscal year, as of Article 436 Section 2 Subsection 1 of the Companies Act, and the related balance sheet, profit & loss statement, statement of changes in net assets, notes on financial statement and supplementary statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and supplementary statement in accordance with accounting principle generally accepted in Japan. This includes management to organize and operate necessary internal control in order to enable the preparation of financial statements and the detailed statements thereof that are free from material misstatements due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and supplementary statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and its detailed statements thereof are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and supplementary statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and supplementary statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and supplementary statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and supplementary statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis

for our audit opinion.

Opinion

In our opinion, the financial statements and supplementary statement referred to above present fairly, in all material respects, the consolidated financial position of BEENOS Inc. and its consolidated subsidiaries and the results of their operations and their financial statement in accordance with accounting principles generally accepted in Japan.

Vested Interest

There is no vested interest between the Company and the audit or its managing member to be listed as stipulated in the Certified Public Accountants Act.

-End-

Audit & Supervisory Committee's Report

Auditor's Report

We have audited Directors' performance of duties from 1 October 2016 to 31 September 2017; the 18th fiscal year. The method and result are as follows.

1. Audit Method

The Audit & Supervisory Committee audited the corporate resolution stated in Article 399 Section 13 Subsection 1 "ロ" and "ハ" and the system (internal control system) organized by the corresponding resolution by receiving reports from Directors and employees on a regular basis. We have also implemented the audit by requested for further explanations when necessary, offered opinions, and by the following method.

① We attended important meetings with the internal control section following the Audit & Supervisory Committee Standard, supervisory policy and each section's responsibility. We received reports from Directors and employees regarding their duties executions, requested for further details when necessary, perused important approval documents and investigated financial status of the headquarter and important offices. We received business reports from the subsidiaries and attempted to communicate and exchange information with their Directors, Auditors, etc.

② We supervised and examined whether the Auditors maintain their independent status for appropriate audit execution. We received reports from the Auditors regarding their performance of duties and asked for detailed explanations when necessary. We received notice from the Auditors that the "System to assure appropriate business performance" (stipulated in each section of Article 131 of the Rules of Corporate Accounting) is well-prepared and is following "Quality management standard for the audit" (28 October Company Accounting Council) . We requested for detailed explanation when necessary.

In accordance with the aforementioned mentioned methods, we evaluated the business report and the supplementary statement, the financial statements (balance sheet, profit & loss statement, statements of changes in net assets and individual notes) and the supplementary statement, and the consolidated financial statements (consolidated balance sheet, consolidated profit & loss statement, statements of changes in net assets and individual notes) and the supplementary statement of this fiscal year.

2. Result

（1）Result of Business Reports

1. We confirm that the business report and the supplementary statement represent the company's status in accordance with the law and the articles of incorporation.
2. We do not recognize any serious facts about acts of dishonesty regarding Director's execution of duties or violation of law/articles of incorporation.
3. We confirm that the resolution of the Board of Directors regarding the internal control system is appropriate. Furthermore, there is nothing about business report and directors' execution of duties to be pointed out.

（2）Audit Result of Financial Statements and Supplementary Statement

We confirm that the audit method and result of Deloitte Touche Tohmatsu LLC are appropriate.

（3）Audit Result of the Consolidated Financial Statements

We confirm that the method and result of Deloitte Touche Tohmatsu LLC are appropriate.

24 November 2017

BEENOS, Inc. Audit & Supervisory Committee

Full-time Audit& Supervisory Committee	Yasukazu Joho	㊞
Audit Supervisory Committee	& Kibo Kondo	㊞
Audit Supervisory Committee	& Yoshindo Takahashi	㊞

Note: Full-time Audit & Supervisory Committee member Yasukazu Joho, Audit & Supervisory Committee members Kibo Kondo and Yoshindo Takahashi are external directors specified in the Article 2 Subsection 15 and Article 331 Section 6.

-End-

Notes: