This is a translation of the original Japanese release. The Japanese text shall prevail in case of any variance between this version and the Japanese text.

Stock Code：3328
3 December 2020

To Our Shareholders,

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

Notice of the 21st Annual Meeting of Shareholders

We cordially invite you to the 21st Annual Meeting of Shareholders (AGM). 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 Thursday, 17 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 Thursday, 17 December at 5:30PM (JST).

[Vote via BEENOS Shareholder Benefit Program (Japan Only)]
You can vote via our Shareholder Benefit Program website (https://beenos.premium-yutaiclub.jp/) .
Register using your Shareholder Number as listed in the enclosed ballot and your postal code. Once logged in, access the go to the "Exercise Right to Vote" page from the "Shareholders Post". Please complete your voting by Thursday, 17 December at 5:30PM (JST).

1. Date　Friday, 18 December 2020 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 21st term (1 October 2019 to 30 September 2020) and the auditing report on the results of the consolidated financial statements by the boards of directors and auditors
   2. Contents of the financial statements for the 21st term

Ratifications
Item 1 Election of 5 Directors (excluding Audit and Supervisory Committee members)

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 on the framework to secure appropriate working operations", "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 18 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 Friday, 18 December 2020 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	Thursday, 17 December 2020 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	Thursday, 17 December 2020 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

Caution

※ If any shareholder votes by mail and via internet, the vote via internet will be counted regardless of the timing the vote has been received.
※ If any shareholder votes via internet by the voting website and the Shareholder Benefit Program, the vote that was placed last will be counted.
※ Shareholders will be responsible for all data charges incurred by voting online

Item 1: Election of 5 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 5 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	Current Position
1	Reappoint	Shota Naoi	President and Group CEO, Head of Global Commerce Division and Incubation Division
2	Reappoint	Koji Nakamura	Vice President and Group CFO, Head of Corporate HQ
3	Reappoint	Taku Takeuchi	Executive Managing Officer (Director), Deputy Head of Incubation Division
4	Reappoint	Kenichi Sento	Executive Managing Officer (Director), Head of Value Cycle Division
5	Appoint External Director Independent Director	Naofumi Nishi	—

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 of tenso, inc. (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) 2015 Feb 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) 2017 Oct Appointed to CEO of BeeCruise Inc. 2018 Aug Appointed to Director of Metro Engines (Current) 2018 Nov Appointed to Director of tenso Hong Kong Limited (Current) 2019 Mar Appointed to Director of FASBEE Inc. (Current) 2019 Dec Appointed to Director of BEENOS Travel Inc. (Current) 2019 Dec Appointed to Chairman of Defactostandard, Ltd. (Current) 2020 Feb Appointed to Director of BEENOS Entertainment Inc. (Current) 2020 Jun Appointed to Director of BEENOS Marketing Asia Inc. (Current) 2020 Aug Appointed to Director of Beenos E-Commerce(shanghai) Co., Ltd 2020 Oct Appointed to Executive Managing Officer of BEENOS Inc. (Current) (Important Concurrent Positions) President and CEO, tenso, inc. President and CEO, BeeCruise Inc.	63,801 Shares
	(Reason for Nomination)		

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
	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 by setting Cross Border Business as the core and demonstrated strong leadership to expand the group business. He has organized and led the Group to create a global platform that connects Japan with the world and has a deep understanding of the details for each business in the Group. We believe that he is the most qualified to continue to contribute to the further development of the Group as his decisions in board meetings are on point and in the best interest of the company and he excels in managing and unifying the Group to grow stronger and develop faster. For these reasons we nominate him for reappointment.		

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 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) 2017 Oct Appointed to Director of BeeCruise Inc. (Current) 2018 Mar Appointed to President and CEO of JOYLAB, Inc. (Current) 2018 Aug Appointed to Director of Metro Engines (Current) 2019 Mar Appointed to Director of FASBEE Inc. (Current) 2020 Oct Appointed to Executive Managing Officer of BEENOS (Current)	119,843 Shares

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
		(Important Concurrent Positions) President and CEO, JOYLAB, Inc. President and CEO, BEENOS Partners	
	(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 planning field. He has excelled in taking charge of managing the corporate management division and has a deep-rooted knowledge of the entire Group. We believe that he is the most qualified to continue to contribute to the further development of the Group as his decisions in board meetings are on point and in the best interest of the company and he excels in managing and unifying the Group to grow stronger and develop faster. For these reasons we nominate him for reappointment.		

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) 2015 Apr Appointed to Director of tenso, inc. (Current) 2017 Oct Appointed to Director of BeeCruise Inc. (Current) 2018 Mar Appointed to Director of JOYLAB, inc. (Current) 2019 Nov Appointed to Director of Paynamics Technologies Inc. (Current) 2019 Dec Appointed to President and CEO of BEENOS Travel Inc. (Current) 2019 Dec Appointed to Director of Defactostandard, Ltd. (Current) 2020 Oct Appointed to Executive Managing Officer of BEENOS Inc. (Current) (Important Concurrent Positions) President and CEO, Shop Airlines, Ltd. President and CEO, Shop Airlines America, Inc. President and CEO, Shop Airlines Europe B.V. President and CEO, BEENOST Travel Inc.	70,263 Shares
	(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		

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
	Japan. We believe that he is the most qualified to continue to contribute to the further development of the Group as his decisions in board meetings are on point and in the best interest of the company and he excels in managing and unifying the Group to grow stronger and develop faster. For these reasons we nominate him for reappointment.		

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
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) 2016 Dec Appointed to President and CEO of SWATi inc. 2017 Oct Appointed to Director of BeeCruise Inc. (Current) 2019 Dec Appointed to President and CEO of Defactostandard, Ltd. (Current) 2020 Oct Appointed to Managing Executive Officer of BEENOS Inc. (Current) (Important Concurrent Positions) President and CEO, Defactostandard, Ltd.	32,463 Shares
	(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 Value Cycle Division with strong leadership as a Director. We have nominated Sento as a candidate with the expectation that he will further contribute to the Company. We believe that he is the most qualified to continue to contribute to the further development of the Group as his decisions in board meetings are on point and in the best interest of the company and he excels in managing and unifying the Group to grow stronger and develop faster. For these reasons we nominate him for reappointment.		

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
5	Naofumi Nishi (18 December 1979)	2004 Apr Joined McKinsey & Company 2007 May Joined Bain Capital Private Equity Asia, LLC (Current) 2014 Jul Appointed as Officer in Macromill, Inc. 2017 Sep Appointed as Director (Audit Committee) in Macromill, Inc. (Current) 2018 Jan Appointed as External Director (Audit Commmittee) in ADK Holdings Inc. (Current) 2019 Aug Appointed as External Director in Works Human Intelligence Co., Ltd. (Current) 2019 Sep Appointed to the Nominating Committee in Macromill, Inc. (Current) 2019 Sep Appointed as External Director in EmberPoint Co., Ltd. 2020 Sep Appointed to the Compensation Commmittee in Macromill, Inc. (Current) 2020 Nov Appointed to External Director in hey, Inc. (Current) (Important Concurrent Positions) Director in Macromill, Inc. External Director in ADK Holdings Inc. External Director in hey, Inc.	0 Shares
	(Reason for Nomination of External Director) Naofumi Nishi has ample experience and expertise from his tenure in a global investment company. Furthermore, he has a track record of fortifying the companies he has been involved with through his roles as director, nominating committee and compensation committee member. We have nominated him as an external director with the hopes that he will give constructive feedback and advice toward management in general from an outsider's perspective. He also fulfills the requirements set by the Tokyo Stock Exchange on his independence and has no conflict of interests with common shareholders. We have appointed him as an independent director.		

Note:

1. None of the candidates have a vested interest in BEENOS

2. We will appoint External Director Nominee, Naofumi Nishi, as an independent director and will submit this nomination to the Tokyo Stock Exchange.

3. If Naofumi Nishi's nomination is passed, BEENOS will form a contract between him by way of Item 1 of Article 427 of the Companies Act to limit his liabilities for damages as listed in Item 1 of Article 423 of the

Companies Act. The amount for the liabilities will be set at the minimum legal value.

References for Item 1

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.

Appointment 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)

1. Status of the Corporate Group

(1) Business Performance Report

The BEENOS Group aims to be on the "Global Platform Frontier" and continue to create platforms that will connect Japan with the world. We combine the expertise accumulated in the Cross Border Business with our global investment network in the Incubation Business to create new technology and internet-based markets.

Our focus this year is to evolve our current businesses while actively taking part in creating new ones. We aim to add a fourth business domain, the Inbound Business, to the existing Cross Border Business, Value Cycle Business, and Retailing and Licensing (Entertainment) Business. With these four domains we will attain the following: "the global expansion of Japanese products and secondary distribution," "the centralized support for resolving issues in the entertainment field," and "the establishment of an inbound travel platform utilizing data and AI."

We have taken the following measures to adapt to the sudden changes that have been forced upon us due to the global COVID-19 pandemic. In the E-Commerce Business, we have increased the shipping methods for the Cross Border Business and focused on selling our merchandise in the Retailing and Licensing business on EC sites. We have prioritized our resources to the most important measures and optimized operational efficiency to reduce costs in the Value Cycle Business. In the Incubation Business, we have continued to create new businesses and invest in the inbound tourist industry while selling portions of our operational investment securities owned by our subsidiaries.

As a result, the consolidated net sales were 25,872 Million JPY (YoY +2.4%), operating income was 3,376 Million JPY (YoY +97.7%), ordinary income was 3,283 Million JPY (YoY +91.6%) and the net profit attributable to owners of the parent company was 1,891 Million JPY (YoY +75.6%).

The consolidated GMV for FY2020 was 50.4 Billion JPY (50.3 Billion JPY in FY2019).

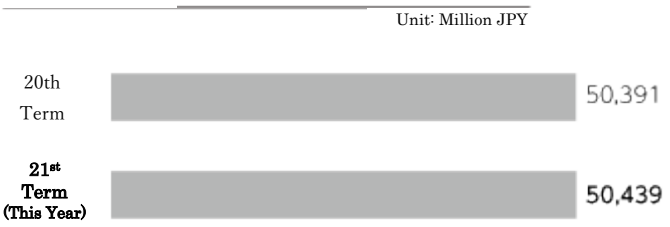
The book value for our operational investment securities at the end of FY2020 was 3.9 Billion JPY. The market value has fallen to 19.5 Billion JPY (book value as of March 2020 was 4.1 Billion JPY and market value was 22.6 Billion JPY). The main reason for the decrease is because Metro Engines Inc. became an equity method affiliate as of September 2020 as well as the sales of operational investment securities.[1]

We will continue to conduct our business operations with the premise that the current COVID-19

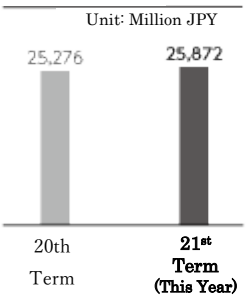
[1] The market value for listed companies is calculated at its stock price. Unlisted companies are calculated based on our number of shares with the price of the most recent stock issuance (if a company has recorded allowance for loss on investments, it is priced at book value). This amount has been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

pandemic will have long term effects on the global economy. We will monitor the situation closely and make any necessary provisions.

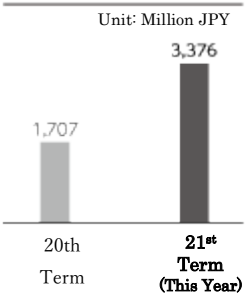
GMV



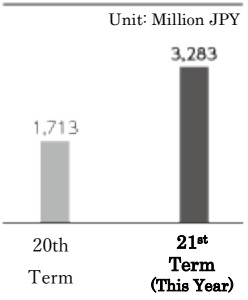
Net Sales



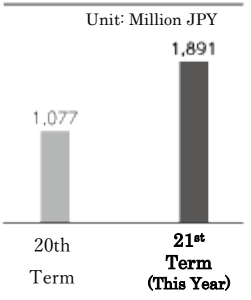
Operating Income



Ordinary Income



Net Profit Attributable to Owners of Parent Company



The achievements of each business segment are as follows.

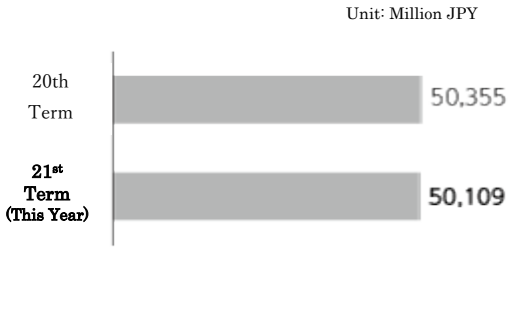
i E-Commerce Business

Net Sales 22,118 Million JPY / Operating Income 1,698 Million JPY

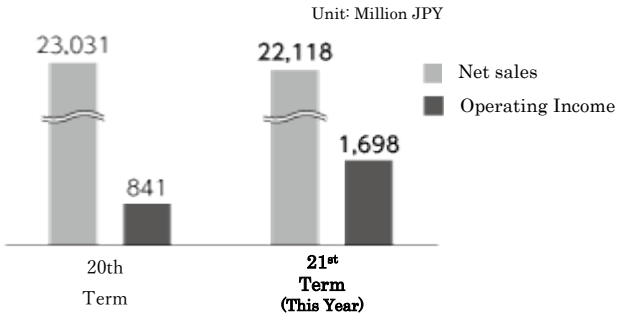
For the E-Commerce Business in FY2020, the consolidated net sales were 22,118 Million JPY (-4.0% YoY) and the operating income was 1,698 Million JPY (+101.8% YoY).

E-Commerce Business

GMV



Net Sales and Operating Income



Cross Border Business

The Package Forwarding and Proxy Purchasing Business (From Japan), has formed a business alliance with Mercari, Inc. from 1Q. Buyee, the proxy purchasing service, will provide support by translating shipping and handling customer support. As a result, we were able to sell products that are listed on Mercari to customers in more than 100 countries. Buyee has also added the following six languages to its website: Indonesian, Thai, Korean, Spanish, German, and Russian so more customers around the world can enjoy a greater convenience when shopping. The website now supports a total of 10 languages in addition to the current Japanese, English, Simplified and Traditional Chinese. Users can also now use China's mobile payment service, "Alipay," on auction items.

In addition, we are working to improve customer satisfaction by introducing cheaper delivery methods to Taiwan and China and by preparing additional delivery methods for as many countries and regions as possible to disperse risk in the event of an emergency. With regard to the impact of COVID-19, Japan Post Co.,Ltd. had suspended its services to a select number of countries and regions. As routine international shipping methods started to resume operations in the 3rd quarter and with alternate shipping methods implemented, virtually all delays in exporting has been reduced to near-normal levels of operation. As we see a massive acceleration towards a shift to digital platforms we are seeing a heightened demand in Cross Border EC in both the selling side (domestic EC sites) and the purchasing side (foreign consumers).

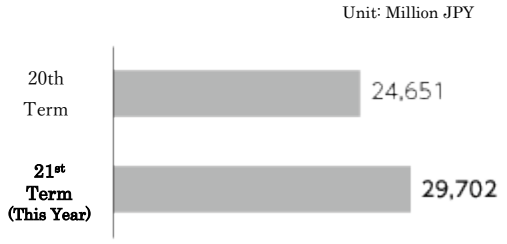
As a result, GMV, sales and operating profit all recorded highs in FY2020.

The Global Shopping Business (To Japan) worked to increase sales through ongoing SEO measures and customer-focused marketing. At the same time, we aggressively strengthened our profit structure by automating operations and restructuring distribution schematics. The effects of COVID-19 have continued to spread throughout California, where the US warehouse is located, but our logistics facilities are currently operational, thus has had no impact at this point in time.

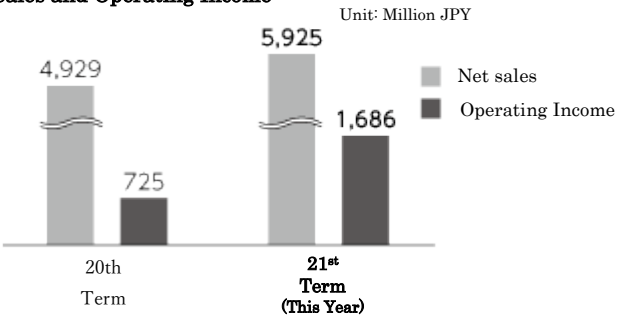
As a result, the consolidated net sales were a record high 5,925 Million JPY (+20.2% YoY) and the operating income was also a record high 1,686 Million JPY (+132.2% YoY).

Cross Border Business

GMV



Net Sales and Operating Income



Value Cycle Business

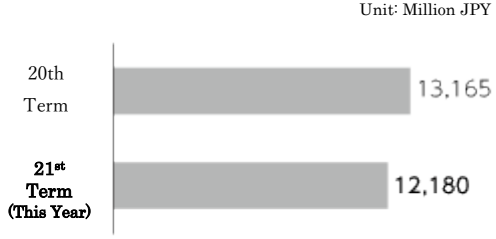
The Apparel Reuse Business has seen a drop in sales due to consumers cutting back on spending amidst the stay at home orders given out by the effects of COVID-19, but since the lift of the declaration of state of emergency we have seen an increase in sales and we have taken measures to improve the cost efficiency of advertising costs by giving out coupons. We have opened our first brick and mortar "Brandear" store in Ebisu, Tokyo to appraise and purchase merchandise from customers who are hesitant to ship their valuables. For those who cannot physically come to our brick and mortar store because of the distance or out of caution of the ongoing pandemic, we have also started "Brandear Bell," a service where we can appraise and purchase merchandise from customers via live video chat. On the selling side, we have partnered with France's secondhand brand item marketplace "Vestiaire Collective" to commence the sales of luxury brand items to Europe. We have also listed "Brandear" onto "Shopee", the largest online marketplace in Taiwan and Southeast Asia. On 14 January 2020, we converted Defactostandard, Ltd., which operates the Internet shopping and sales business Brandear, into a wholly owned subsidiary through a simple share exchange. We are working to increase its corporate value by utilizing the management resources of the entire Group, formulating long-term business strategies, and making swift decisions. (For details, please refer to our announcement on 24 December 2019, "BEENOS Inc. to make Defactostandard, Ltd. a Wholly Owned Subsidiary through Simple Share Exchange (Revised Abbreviated Version)")

We have opened our 3rd store in Tokyo (7th store nationally) in Roppongi in the Liquor Mediation Business. In 4Q we have joined Brandear with JOYLAB to open "Brandear Liquor" in Umeda, Osaka which allows for the appraising and purchasing of liquor and luxury items. Through the opening of these new stores we now cover all of the major downtown areas in Tokyo and Osaka which has led to an increase in purchases. As we continue to provide more services tailored to our customers in each area, we have also been able to improve the time between a purchase and listing it for sale which has led to a quicker turnaround of inventory. We released the "MyCellar" app in June 2020 which allows users to record the alcoholic beverages they own and see how much it is worth and, if desired, request for it to be purchased all within the app. This is the first alcoholic beverage asset management and appraising app in the industry.

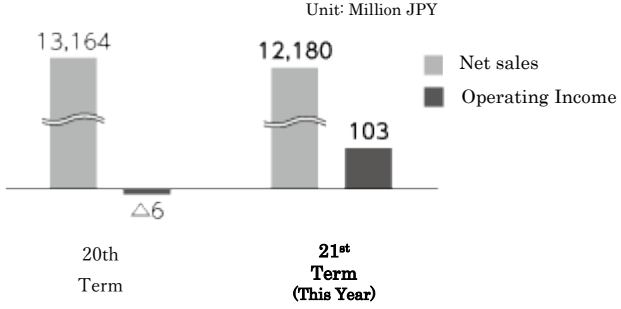
As a result, the consolidated net sales were 12,180 Million JPY (-7.5% YoY) and the operating income was 103 Million JPY (operating loss for FY2019 was 6 Million JPY).

Value Cycle Business

GMV



Net Sales and Operating Income



Retailing and Licensing Business

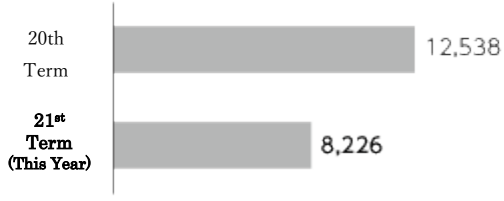
Sales declined in the Entertainment Business despite efforts to focus on sales of goods through e-commerce via online events and other means due to the impact of events being cancelled due to COVID-19.

In March 2020, a new line of cosmetics featuring the popular game character, Kirby, was released. It was released throughout 1,000 stores nationwide and its first installment of 50,000 units sold out immediately. The Fragrance and Body Care brand, SWATi, has teamed up with our Cross Border EC service "Buyee" and created a new gift product lineup called "366" and the "366 BIRTHDAY FRAGRANCE" was widely picked up by the media which improved sales.

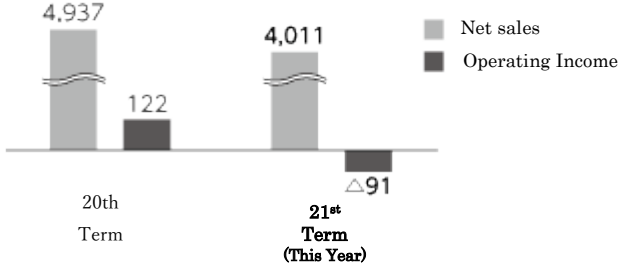
As a result, the consolidated net sales were 4,011 Million JPY (-18.8% YoY) and the operating loss was 91 Million JPY (operating income in FY2019 was 122 Million JPY).

Retailing and Licensing Business

GMV



Net Sales and Operating Income



ii Incubation Business

Net Sales 3,841 Million JPY / Operating Income 2,475 Million JPY

The Investment and Consultation Business has focused on investing in startups in online marketplaces and online payments in emerging countries and Japanese inbound tourism in Japan. We have also been monetizing these investments at the opportune moments and have sold about 3.5 Billion JPY worth of our operational investment securities this year. We have invested in Vpon Holdings Inc., a big data company that covers travel data across Asia, with the hopes to synergize with "Travel Bar," our Japanese inbound tourism media site in Taiwan, as well as other companies we invest in to increase each other's potential.

Due to COVID-19 we are seeing markets shift to digital in rapid succession which is benefiting general marketplaces that sells daily necessities. They are seeing a high increase in users and orders. However, specialized marketplaces, especially in non-essential items such as fashion and automobiles, were being hit hard as consumers are cutting back on spending but have shown signs of recovery since June. We are confident that this shift to digital will continue to accelerate even after COVID-19 is subdued. In the meantime, every company is producing ways to adapt to the digital shift and create new services.

In new businesses, we are actively working to create new businesses in the Entertainment and Inbound business domains to realize integrated support for solving entertainment issues and the creation of a travel platform that utilizes data and AI.

In October 2019, we collaborated with Shopee, one of the largest e-commerce malls in Taiwan and Southeast Asia, to support Japanese companies open their stores on Shopee. We are increasing overseas sales and offering opportunities for Japanese companies to expand their potential through this partnership. We are also working to collaborate with foreign companies to expand the overseas sales market.

COVID-19 has put an abrupt halt on travel and live entertainment which are two areas we have been focusing on in creating new businesses. As we predict that it will not recover for the foreseeable future, we are cutting down on marketing costs and delaying other preliminary investment plans in these services that we had initially decided to use our resources for.

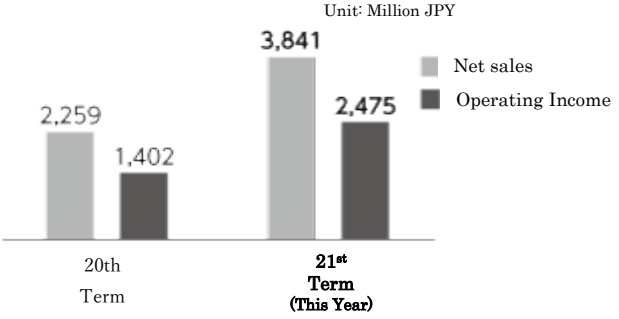
As a result, the consolidated net sales were 3,841 Million JPY (+70.0% YoY) and the operating income was 2,475 Million JPY (+76.5% YoY).

The book value for our operational investment securities at the end of FY2020 was 3.9 Billion JPY. The market value has fallen to 19.5 Billion JPY (book value as of March 2020 was 4.1 Billion JPY and market value was 22.6 Billion JPY). The main reason for the decrease is because Metro Engines Inc. became an equity

method affiliate as of September 2020 as well as the sales of operational investment securities.[2]

Incubation Business

Net Sales and Operating Income



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

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

Segment		(Previous Fiscal Year) 20th Term (September 2019)	(Current Fiscal Year) 21st Term (September 2020)	Year on Year	
		Amount (Unit: 1,000 JPY)	Amount (Unit: 1,000 JPY)	Amount (Unit: 1,000 JPY)	% Change
E-Commerce Business		23,031,417	22,118,046	△913,370	△4.0%
	Cross Border	4,929,193	5,925,868	996,674	20.2%
	Value Cycle	13,164,928	12,180,791	△984,136	△7.5%
	Retailing and Licensing	4,937,295	4,011,386	△925,908	△18.8%
Incubation Business		2,259,345	3,841,595	1,582,249	70.0%
Corporate/Counterbalance		△14,005	△86,850	△72,845	—
Total		25,276,757	25,872,790	596,032	2.4%

（2）Status of equipment investment

The corporate Group spent 144 Million JPY this consolidated fiscal year in equipment investments for the system development in the Incubation 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

BEENOS Travel Inc., a BEENOS subsidiary, acquired an inbound tourism business from 樸致資訊股份有限公司, a Taiwanese company, on 3 February 2020.

（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

We have acquired 42.8% of Defactostandard Ltd.'s shares on 14 January 2020 to make them a wholly owned subsidiary. We also acquired 49% of FASBEE Inc.'s shares on 31 August 2020 to make them a wholly owned subsidiary.

（8）Company Management Policy and Potential Risks

The BEENOS Group aims to be on the "Global Platform Frontier" by creating in IT and internet-based markets and businesses.

We aim to distribute great Japanese products and contents across the globe through our various marketplace networks and in turn bring wonderful products and services around the world to Japan to build a stronger global commerce platform and increase corporate value.

We have changed the names of the segments in the E-Commerce Business as of FY2021 to make the segment names more accurately depict the business activities of the segment. The subsidiaries within each segment have not changed.

We will be implementing the following strategies to create a global platform framework. The following strategies have been created by the Group at the time of writing this report.

1. Strategy for Global Commerce

The Global Commerce Business will be at the epicenter of the global platform framework. We will first use the positioning that we currently have in the market to create an even greater leverage against competitors so that we will become the only choice that customers would make for cross border purchases. We believe that it is important to acquire more global customers for Japanese businesses to choose us as partners.

As Japanese products continue to build a reputation for being reliable, we aim to create a smooth and natural purchasing flow for foreign customers. We envision foreign customers to be able to purchase Japanese items from online shopping platforms that are available in their respective countries and not have to exclusively use our website. As such, we are rapidly making preparations to partner with leading online shopping platforms around the world.

2. Strategy for Value Cycle

There is a lot of potential in the secondhand market both domestically and internationally. We will focus on creating a distribution system for “Luxury Items” and “Alcohol.” We will purchase well-preserved items in Japan and list them to be sold to the large overseas market. We recognize that the supply-demand chain varies by country and that there are a lot of items that would sell at a higher price abroad, so we see this as a very lucrative opportunity. Our midterm goal is to increase our composition so that over half of our merchandise are sold overseas.

3. Strategy for Entertainment

We understand the particular demands that exist in the entertainment industry and are working to create an E-Commerce framework specific to the entertainment industry so that production agencies, artists, content holders can easily open a shop and sell merchandise and services. As Japanese contents such as manga and anime continue to rise in popularity on a global scale, we hope to extend this framework internationally and eventually connect it to the global platform framework.

4. Strategy for Incubation

We have been investing in businesses in marketplaces, payment services and Japanese inbound tourism and have created a wide network of connections as we also recorded gains from our investments. As many of our investees have grown to become large players in various Asian countries, we feel that we have reached the phase where we can collaborate with these companies to help create the global platform framework. We will also use our resources to create new businesses that will become a future pillar of the BEENOS Group.

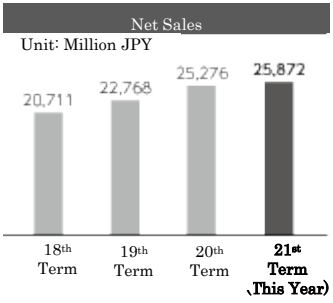
（9）Financial position and profits and losses

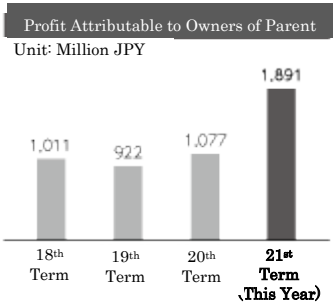
① Financial position and profits and losses of the corporate group

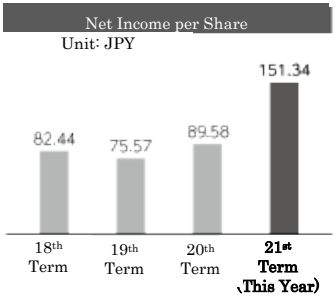
Classification		18th Term (September 2017)	19th Term (September 2018)	20th Term (September 2019)	(Current Fiscal Year) 21st Term (September 2020)
Net Sales	(1,000 JPY)	20,711,495	22,768,203	25,276,757	25,872,790
Net Income (△Net Losses)	(1,000 JPY)	1,011,418	922,927	1,077,042	1,891,627
Net Income per Share (△Net Losses per Share	(JPY)	82.44	75.57	89.58	151.34
Total Assets	(1,000 JPY)	14,749,714	15,691,162	18,811,286	23,029,688
Net Assets	(1,000 JPY)	9,240,103	9,791,048	10,171,470	11,210,251
Net Assets per Share	(JPY)	638.13	673.52	713.16	882.12

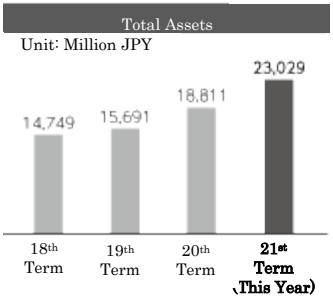
Note: 1. Net Income per Share (△Net Losses per Share) is calculated upon the annual average outstanding total shares

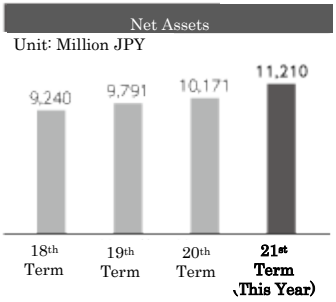
2. The application of "Partial Changes in 'the Accounting Standards for Tax Effect Accounting'" (Corporate Accounting Standard No. 28, 16 February 2018) has been applied as of the beginning of FY2019. The same standards have been applied to Total Assets for FY2016 to FY2018.

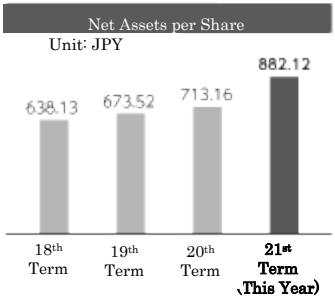

Net Sales
Unit: Million JPY
20,711
22,768
25,276
25,872
18th Term
19th Term
20th Term
21st Term (This Year)


Profit Attributable to Owners of Parent
Unit: Million JPY
1,011
922
1,077
1,891
18th Term
19th Term
20th Term
21st Term (This Year)


Net Income per Share
Unit: JPY
82.44
75.57
89.58
151.34
18th Term
19th Term
20th Term
21st Term (This Year)


Total Assets
Unit: Million JPY
14,749
15,691
18,811
23,029
18th Term
19th Term
20th Term
21st Term (This Year)

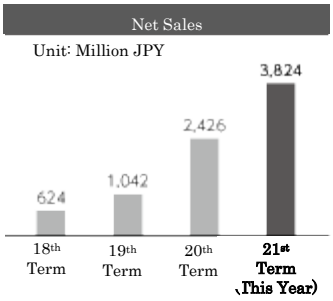

Net Assets
Unit: Million JPY
9,240
9,791
10,171
11,210
18th Term
19th Term
20th Term
21st Term (This Year)

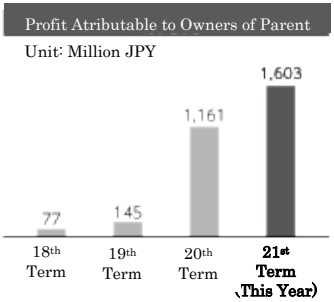

Net Assets per Share
Unit: JPY
638.13
673.52
713.16
882.12
18th Term
19th Term
20th Term
21st Term (This Year)

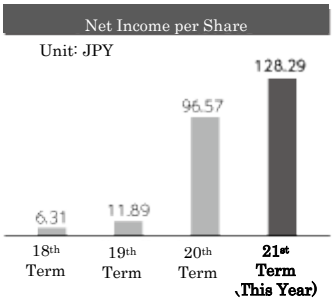
② Financial position and profits and losses of the company

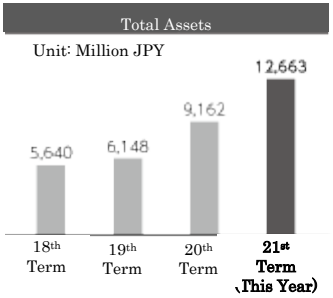
Classification	18th Term (September 2017)	19th Term (September 2018)	20th Term (September 2019)	(Current Fiscal Year) 21st Term (September 2020)
Operating Income (1,000 JPY)	624,947	1,042,038	2,426,615	3,824,564
Net Income (1,000 JPY)	77,363	145,210	1,161,070	1,603,586
Net Income per Share (JPY)	6.31	11.89	96.57	128.29
Total Assets (1,000 JPY)	5,640,229	6,148,702	9,162,594	12,663,120
Net Assets (1,000 JPY)	4,050,669	3,875,403	4,428,173	6,937,078
Net Assets per Share (JPY)	329.09	315.89	367.15	543.47

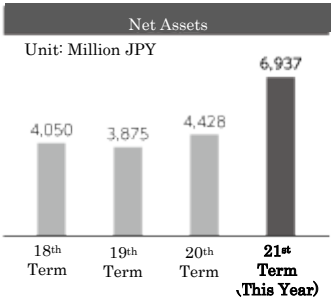
Note: 1. Net Income per Share (△Net Losses per Share) is calculated upon the annual average outstanding total shares 2. The application of "Partial Changes in 'the Accounting Standards for Tax Effect Accounting'" (Corporate Accounting Standard No. 28, 16 February 2018) has been applied as of the beginning of FY2019. The same standards have been applied to Total Assets for FY2016 to FY2018.

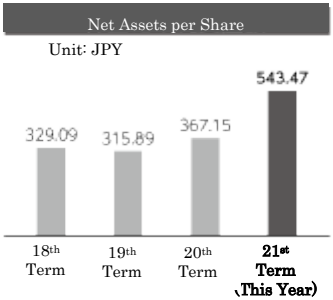












(10) Main business segment of the corporate Group (as of 30 September 2020)

Segment		Business Description
E-Commerce	Cross Border	Overseas Forwarding and Proxy Purchasing Business "tenso.com" and "Buyee" Global Shopping Business "sekaimon"
	Value Cycle	Apparel Reuse Business "Brandear" Liquor Mediation Business "JOYLAB"
	Retailing and Licensing	Entertainment Business Global Product Business
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
tenso Hong Kong Limited	100 (1,000 HKD)	100.0 % (100.0) %	Proxy Purchasing Business
Shop Airlines, Ltd.	100,000 (1,000 JPY)	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.	100,000 (1,000 JPY)	100.0 %	Internet Shopping and Buy-Back Business
JOYLAB, inc	10,000 (1,000 JPY)	100.0 %	Liquor Mediation Business
monosense, Ltd.	30,000 (1,000 JPY)	100.0 %	Entertainment Business Global Product Business
BEENOS Partners	10,000 (1,000 JPY)	100.0 %	Investment and Consultation Business
BEENOS Asia Pte. Ltd.	10,800 (1,000 USD)	100.0 %	Investment and Consultation Business
BeeCruise Inc.	50,000 (1,000 JPY)	100.0 %	Development of new Business
FASBEE inc.	100,000 (1,000 JPY)	100.0 %	Cross Border EC services specializing in fashion
BEENOS Travel Inc.	100,000 (1,000 JPY)	100.0 %	Japan Inbound Travel Business
BEENOS Entertainment Inc.	50,000 (1,000 JPY)	100.0 %	Entertainment Industry DX Support Business
BEENOS Marketing Asia Inc.	5,500 (1,000 TWD)	100.0 %	Marketing Business

Beenos E-Commerce (shanghai) Co., Ltd.	969 (1,000 CNY)	100.0 % (100.0) %	Chinese Cross Border E-Commerce service operation Business

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

(12) Main offices (as of 30 September 2020)

① BEENOS office

Name	Location
BEENOS Inc.	Shinagawa, Tokyo

② Subsidiary Offices

Name	Location
tenso, inc.	Shinagawa, Tokyo
TENSO UK LTD	London, England
TAIWAN TENSO, INC.	Taipei, Taiwan
tenso Hong Kong Limited	Hong Kong
Shop Airlines, Ltd.	Shinagawa, Tokyo
Shop Airlines America, Inc	Redondo Beach, California, USA
Shop Airlines Europe B.V.	Amsterdam, the Netherlands
Defactostandard, Ltd	Ota, Tokyo
JOYLAB inc	Chuo, Osaka
monosense, Ltd	Shinagawa, Tokyo
BEENOS Partners	Shinagawa, Tokyo
BEENOS Asia Pte Ltd.	Republic of Singapore
BeeCruise Inc. Shinagawa, Tokyo	BeeCruise Inc. Shinagawa, Tokyo
FASBEE inc.	Shinagawa, Tokyo
BEENOS Travel Inc.	Shinagawa, Tokyo
BEENOS Entertainment Inc.	Shinagawa, Tokyo
BEENOS Marketing Asia Inc.	Taipei, Taiwan

Beenos E-Commerce (shanghai) Co., Ltd.	Huangpu Ward, Shanghai, China

(13) Status of Employees (as of September 2020)

① Status of employees for the corporate group

Segment		Employees	Fluctuation from previous fiscal year
E-Commerce	Cross Border	127 (71)	1 (13)
	Value Cycle	114 (333)	5 (△12)
	Retailing and Licensing	38 (7)	6 (1)
Incubation		53 (13)	11 (7)
Corporate		38 (5)	1 (3)
Total		370 (429)	24 (12)

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	21 (−)	3 (−)	37.1	4.3 Years
Female	17 (5)	△2 (3)	35.0	3.8 Years
Total/Average	38 (5)	1 (3)	36.2	4.0 Years

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

(14) Status of Main Lenders (as of 30 September 2020)

Lender	Lending Amount (Unit: 1,000 JPY)
Resona Bank, Ltd.	1,300,000
MUFG Bank, Ltd.	1,300,000
Sumitomo Mitsui Banking Corporations	1,000,000

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

2. Status of Shares (30 September 2020)

(1) Total Authorized Shares 45,000,000

(2) Total Issued Shares 13,335,995 (Including 717,670 Treasury Shares)

(3) Number of Shareholders 6,912

(4) Main Shareholders (Top 10)

Shareholder's Name	Number of Shares	Stock Holding Rate
Custody Bank of Japan, Ltd. (Trust port)	1,358,400	10.77%
Teruhide Sato	1,208,000	9.57%
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	851,077	6.74%
Digital Garage, Inc.	827,000	6.55%
The Master Trust Bank of Japan, Ltd.	599,300	4.75%
MSCO CUSTOMER SECURITIES	287,361	2.28%
BNYM AS AGT/CLTS TREATY JASDEC	231,800	1.84%
JPMorgan Asset Management Limited	225,236	1.78%
Custody Bank of Japan, Ltd. (Trust port 5)	148,700	1.18%
BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC)	142,562	1.13%

Note: Treasury shares 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 2020)

Not applicable

（2）Status of Stock Acquisition Rights issued to employees of BEENOS, directors and employee of subsidiary as a remuneration for discharge of duties in this fiscal year

	13th New Stock Acquisition Rights	
Date of Resolution	6 February 2020	
Classification	Employees	Officers and Employees of Subsidiaries
Number of Holders	33	234
Number of Share Acquisition Rights	331	2,387
Number of Shares to be Issued	33,100	238,700
Type of Shares to be Issued	Common Shares	
Issuance Price per Acquisition Right	Unpaid	
Exercising Price per Right Execution	1,071 JPY	
Exercise Period	7 February 2022 to 6 February 2030	

（3）Other important information of New Stock Acquisition Rights

	12th New Stock Acquisition Rights	
Date of Resolution	6 February 2020	
Classification	Directors (Excluding Members of the Audit and Supervisory Committee)	Directors (Members of the Audit and Supervisory Committee)
Number of Holders	4	0
Number of Share Acquisition Rights	9,925	0
Number of Shares to be Issued	992,500	0
Type of Shares to be Issued	Common Shares	

Issuance Price per Acquisition Right	Paid
Exercising Price per Right Execution	1,071 JPY
Exercise Period	25 February 2020 to 24 February 2030

4. Status of Company Directors

(1) Status of directors (as of 30 September 2020)

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

Notes: 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 in accordance with Article 427 Section 1 of the Companies Act with Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi in regard to the limit of liability for damages as stated in Article 423 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	246,480	The remuneration amount for Directors (excluding Audit & Supervisory Committee members) was set within 300 Million JPY as ratified during the 20th Annual Meeting of Shareholders (held on 20 December 2019) 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)	21,000 (21,000)	
Total (External Directors)	7 (3)	267,480 (21,000)	

Note: 1. The remuneration includes the 130 Million JPY recorded for provision for directors' bonuses.
2. The remuneration includes the 42 Million JPY recorded for transfer-restricted stock-based compensation.
3. Aside from the amount listed above, 3 Directors that are also Auditors have received a total of 37.8 Million JPY in remuneration from subsidiaries.
4. The remuneration amount for directors (excluding Audit & Supervisory Committee members) was set within 300 Million JPY as ratified during the General Meeting held on 20 December 2019. Furthermore, the remuneration limit for restricted stock was set at 200 Million JPY as ratified during the General Meeting held on 20 December 2019.
5. 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

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

Note: There are no particular relationships between BEENOS and the companies listed above.

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	33 of 33	12 of 12	Offered advice and asked questions from a financial standpoint
External Director (Audit & Supervisory Committee Member)	Kibo Kondo	33 of 33	12 of 12	Offered advice and asked questions from a technical perspective as a certified accountant to ensure appropriate decision-making in board meetings
	Yoshindo Takahashi	33 of 33	12 of 12	Offered advice and asked questions from a corporate management standpoint

5. Policy on Decisions for Dividend of Surplus

We hold our profit return policy in high regards to give back to shareholders by expanding our business foundation and progressing our financial ground.

Our business is mainly divided between the E-Commerce Business and the Incubation Business. The Incubation Business in particular is extremely volatile as it depends on the opportunity to monetize our operational investment securities. As such, we will be basing our dividend policy on the profits in our more consistent E-Commerce Business and use the proceeds from the Incubation Business towards other profit reduction methods such as share repurchases as we monitor our share prices.

6. Accounting Auditors

（1）Name of Accounting Auditors　　Grant Thornton Taiyo LLC

（2）Remuneration for the Accounting Auditors

	Value (Unit: 1,000 JPY)
Amount for remuneration for this fiscal year	36,480
Total amount of cash and other economic benefits to be paid by the Company and consolidated subsidiaries	43,480

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 subsidiary BEENOS Asia Pte. Ltd. is being audited by other auditing firm.

（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.

Consolidated Balance Sheet (30 September 2019)

(Units: 1,000 JPY)

Account	Amount	Account	Amount
(Assets Section)		(Liabilities Section)	
Current Assets	19,858,313	Current Liabilities	9,683,855
Cash and Deposit	9,976,285	Notes and Accounts Payable-Trade	348,387
Notes and Accounts Receivable-Trade	1,110,244	Short-term Loan	1,600,000
Operational Investment Securities	3,966,499	Current portion of long-term loans payable	300,000
Products	1,553,412	Accounts Payable – Other	3,373,049
Accounts Receivable	2,090,188	Deposits Received	2,373,894
Other	1,167,282	Income Taxes Payable	783,695
Allowance for Doubtful Accounts	△5,600	Other	904,829
Fixed Asset	3,171,375	Fixed Liabilities	2,135,582
Tangible Assets	342,421	Long-term loans payable	1,721,617
Buildings and Structures	581,194	Deferred Tax Liabilities	212,544
Vehicles (Net Base)	9,549	Asset Retirement Obligation	201,420
Tools, Materials and Supplies	205,497		
Accumulated Depreciation	△453,819	Total Liabilities	11,819,437
Intangible Assets	542,539	(Net Assets Section)	
Goodwill	374,785	Capital Stock	11,363,100
Software	165,619	Capital Stock	2,775,840
Other	2,135	Capital Surplus	3,903,953
Investments etc.	2,286,413	Retained Earnings	5,462,007
Investment Account Security	1,776,419	Common Stock for Treasury	△778,700
Deferred Tax Assets – Current	68,772	Accumulated Other Comprehensive Income	△232,239
Other	441,221	Valuation Difference on Available-for-sale Securities	△286,179
		Exchange Conversion Adjustment Account	53,939
		Equity Warrant	79,389
		Minority Stockholder Equity	11,210,251

		Interest	
Total Assets	23,029,688	Net Assets Section	23,029,688

Note: Amounts Rounded down to the nearest thousand yen.

Consolidated Profit & Loss Statement(1 October 2019 – 30 September 2020)

(Units: 1,000 JPY)

Account	Amount	
Net Sales		25,872,790
Cost of Sales		12,127,541
Gross Profit		13,745,249
Selling, General and Administrative Expenses		10,369,198
Operating Income		3,376,051
Non-operating Income		
Interest Income	102	
Equity in Earnings of Affiliates	110	
Investment Partnership Gains	16,538	
Subsidy Income	38,151	
Settlement Received	8,157	
Other	43,942	107,002
Non-operating Expenses		
Interest Expenses	10,733	
Exchange Loss	63,220	
Commission Fee	93,470	
Subsidy loss on refund	25,839	
Provision for allowance for doubtful accounts	5,600	
Other	897	199,761
Ordinary Income		3,283,292
Extraordinary income		
Gain on reversal of subscription rights to shares	11,244	11,244
Extraordinary loss		
Impairment loss	54,972	
Loss on retirement of noncurrent assets	49,299	104,271
Annual Income Before Income Taxes		3,190,264
Income Taxes – Current	1,306,090	
Income Taxes – Deferred	53,810	1,359,900
Annual Net Income		1,830,364
Profit Attributable to Non-Controlling Interests (Losses:△)		61,263

Profit Attributable to Owners of Parent		1,891,627

Note: Amounts rounded down to the nearest thousand yen.

Consolidated Statements of Changes in Net Assets

(1 October 2019 – 30 September 2020)

(Units: 1,000 JPY)

	Shareholder's Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity Total
Balance on 1 October 2019	2,775,840	2,542,577	3,966,442	△567,835	8,717,025
Changes during Consolidated Fiscal Year					
Dividends from Surplus			△214,845		△214,845
Profit Attributable to Owners of Parent			1,891,627		1,891,627
Purchase of treasury stock				△290,350	△290,350
Disposal of treasury stock		△3,712		79,484	75,771
Increase by share exchange		1,367,663			1,367,663
Change in scope of equity method			△181,217		△181,217
Comprehensive income attributable to Transactions with non-controlling shareholders' Change in equity of the parent company		△2,574			△2,574
Net Changes of Items other than Shareholders' Equity					-
Total Changes during Consolidated Fiscal Year	-	1,361,375	1,495,565	△210,865	2,646,075
Balance on 30 September 2020	2,775,840	3,903,953	5,462,007	△778,700	11,363,100

	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 2019	△314,461	109,571	△204,890	46,677	1,612,657	10,171,470
Changes during Consolidated Fiscal Year						
Dividends from Surplus						△214,845
Profit Attributable to Owners of Parent						1,891,627
Purchase of treasury stock						△290,350
Disposal of treasury stock						75,771
Increase by share exchange						1,367,663

Change in scope of equity method						△181,217
Comprehensive income attributable to Transactions with non-controlling shareholders' Change in equity of the parent company						△2,574
Net Changes of Items other than Shareholders' Equity	28,282	△55,631	△27,349	32,712	△1,612,657	△1,607,294
Total Changes during Consolidated Fiscal Year	28,282	△55,631	△27,349	32,712	△1,612,657	1,038,780
Balance on 30 September 2020	△286,179	53,939	△232,239	79,389	-	11,210,251

Note: Amounts rounded down to the nearest thousand.

Balance Sheet (As of 30 September 2020)

(Thousands of yen)

Subject	Amount	Subject	Amount
(Assets)		(Liabilities)	
Current assets	6,512,922	Current liabilities	3,628,736
Cash and deposits	135,231	Short-term loan	2,100,000
Operational investment securities	1,342,402	Current portion of long-term loans payable	300,000
Prepaid expenses	55,042	Accounts payable-other	772,312
Accounts due from related companies	2,351,958	Accounts payable to related entities	102,409
Advances to affiliated companies	70,015	Income taxes payable	119,417
Short-term loans to affiliates	2,960,000	Deposits received	19,797
Income taxes accrued amount receivable	48,715	Provision for directors' bonuses	130,366
Other	91,773	Provision for shareholder benefit program	51,239
Allowance for doubtful accounts	△542,217	Other	33,194
Fixed assets	6,150,197	Fixed liabilities	2,097,305
Tangible Assets	59,116	Long-term loans payable	1,700,000
Buildings	210,424	Asset retirement obligations	57,608
Tools, materials and supplies	54,458	Deferred tax liabilities	339,697
Accumulated depreciation	△205,766	Total liabilities	5,726,042
Intangible assets	25,356	(Net assets)	
Software	23,556	Shareholders' equity	6,946,485
Other	1,800	Capital stock	2,775,840
Investments etc.	6,065,724	Capital surplus	3,089,786
Investment securities	1,542,753	Legal capital surplus	1,814,524
Stocks of subsidiaries and affiliates	4,218,491	Other capital surplus	1,275,261
Proceeds and guarantee deposits	137,047	Retained earnings	1,859,559
Insurance reserve	164,313	Legal reserve	21,484

Other	3,118	Other retained earnings	1,838,075
		I Retained earnings brought forward	1,838,075
		Treasury Stock	△778,700
		Valuation and translation adjustments	△88,797
		Valuation difference on securities	△88,797
		Share subscription rights	79,389
		Total net assets	6,937,078
Total assets	12,663,120	Total liabilities and net assets	12,663,120

(NOTE) Amounts are rounded down to the nearest thousand yen.

Income Statement (1 October 2019 to 30 September 2020)

(Unit: Thousand yen)

Subject	Amount	
Operating revenue		3,824,564
Operating expenses		1,284,829
Sales profit		2,539,734
Non-operating income		
Interest income	24,172	
Foreign exchange gains	2,722	
Fee and commission received	605	
Gain on investments in partnerships	16,538	
Miscellaneous income	7,792	51,831
Non-operating expenses		
Interest expenses	17,058	
Commissions paid	2,046	
Provision for allowance for doubtful accounts	420,927	
Miscellaneous expenses	5	440,038
Ordinary income		2,151,528
Extraordinary income		
Gain on reversal of subscription rights to shares	10,503	10,503
Extraordinary loss		
Valuation loss on shares of affiliates	107,855	107,855
Income before income taxes		2,054,176
Income taxes	249,619	
Income taxes-deferred	200,970	450,589
Net income		1,603,586

(NOTE) Amounts are rounded down to the nearest thousand yen.

Statement of Changes in Net Assets (October 1, 2,019 to 30 September 2020)

(Thousands of yen)

	Shareholders' equity						
		Capital surplus			Retained earnings		
	Capital stock	Capital Reserve	Other equity Retained earnings	Capital surplus Total	Legal reserve	Other income Retained earnings / Retained earnings carried forward Retained earnings	Retained earnings Total
Balance on 1 October 2019	2,775,840	514,125	1,278,974	1,793,099	—	470,818	470,818
Variable amount during the accounting year							
Dividend of surplus					21,484	△236,329	△214,845
Net income						1,603,586	1,603,586
Purchase of treasury stock							
Disposal of treasury stock			△3,712	△3,712			
Increase by share exchange		1,300,399		1,300,399			
Items other than shareholders' equity Net changes during the year							
Total change during the period	—	1,300,399	△3,712	1,296,686	21,484	1,367,256	1,388,741
Balance on 30 September 2020	2,775,840	1,814,524	1,275,261	3,089,786	21,484	1,838,075	1,859,559

	Shareholders' equity		Valuation and translation adjustments		Share subscription rights	Total net assets
	Treasury Stock	Shareholders' equity Total	Certificate on securities Valuation difference on tickets	Total valuation and translation adjustments		
Balance on 1 October 2019	△567,835	4,471,923	△89,686	△89,686	45,936	4,428,173
Variable amount during the accounting year						
Dividend of surplus		△214,845				△214,845
Net income		1,603,586				1,603,586
Purchase of treasury stock	△290,350	△290,350				△290,350
Disposal of treasury stock	79,484	75,771				75,771

Increase by share exchange		1,300,399				1,300,399
Items other than shareholders' equity Net changes during the year		—	888	888	33,453	34,341
Total change during the period	△210,865	2,474,562	888	888	33,453	2,508,904
Balance on 30 September 2020	△778,700	6,946,485	△88,797	△88,797	79,389	6,937,078

(NOTE) Amounts are rounded down to the nearest thousand yen.

Accounting Audit Report on Consolidated Financial Statements

Independent Auditors' Report

17 November 2020

BEENOS CORPORATION

To the Board of Directors

Grant Thornton Taiyo LLC
Tokyo Office

Designated Limited Liability Partners Engagement Partner	Certified Public Accountant	Tetsu Saito	㊞
Designated Limited Liability Partners Engagement Partner	Certified Public Accountant	Shinichi Shinozuka	㊞

Audit Opinion

We have audited, in accordance with Article 444(4) of the Companies Act, the consolidated financial statements of BEENOS Inc. for the period from 1 October 2019 to 30 September 2020, which consist of the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in stockholders' equity, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the corporate group consisting of BEENOS Inc. and consolidated subsidiaries for the period related to the consolidated financial statement in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility for auditing standards is stated in "Liability of Auditors in Auditing Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and fulfill other ethical responsibilities as an auditor in accordance with the provisions on occupational ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management and Audit Committee to Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the design, implementation, and maintenance of internal control as management determines is necessary for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the consolidated financial statements based on the assumption of a going concern and disclosing such matters if it is necessary to disclose matters related to a going concern based on accounting principles generally accepted in Japan.

The responsibility of the Audit and Supervisory Committee is to oversee the execution of the directors' duties in the development and operation of the financial reporting process.

Liability of Auditors in Auditing Consolidated Financial Statements

The responsibility of the auditor is to express an opinion on the consolidated financial statements based on the audit conducted by the auditor, from an independent standpoint, with reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error. A misstatement is deemed to be material when it may occur due to fraud or error and, individually or in the aggregate, it is reasonably expected to affect the decision-making of the user of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, the auditors shall make judgments as professional experts through the audit process and carry out the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Auditors will also design and implement audit procedures to address material misstatement risks. The selection and application of audit procedures are based on the judgment of the auditor. In addition, they are to obtain sufficient and appropriate audit evidence to provide a basis for their opinion.
- The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but the auditor considers internal control relevant to the audit to design audit procedures that are appropriate in the circumstances in performing the risk assessment.
- Assess the appropriateness of fiscal policies adopted by management and their application methods, as well as the reasonableness of accounting estimates made by management and the adequacy of related footnote matters.
- Conclude whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and whether, based on the audit evidence obtained, there is significant uncertainty regarding events or circumstances that raise substantial doubt about the Company's ability to continue as a going concern. In cases where material uncertainty regarding the going concern assumption is recognized, the Company is required to draw attention to the notes to the consolidated financial statements in the audit report, or express an opinion on the matters to be excluded in the consolidated financial statements if the notes to the consolidated financial statements regarding material uncertainty are not appropriate. The auditor's conclusion is based on audit evidence obtained through the date of the audit report, but future events and circumstances may prevent the entity from continuing as a going concern.
- Evaluate whether the presentation and notes to the consolidated financial statements comply with accounting principles generally accepted in Japan, as well as whether the presentation, composition and content of the consolidated financial statements, including related notes, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising and implementing the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor shall report to the Audit Committee the scope and timing of the planned audit, important findings in the audit, including important deficiencies in the internal controls identified in the course of the audit, and other matters required by the audit standards.

The auditor will report to the Auditing and Supervisory Committee that they have complied with the Japanese Occupational Ethics provisions for independence, and items that are reasonably considered to affect the auditor's independence, and, if safeguards are in place to eliminate or mitigate obstacles.

Interests

The Company and Consolidated Subsidiaries have no interest in the Auditing Corporation or Operating Partners that should be stated pursuant to the provisions of the Certified Public Accountants Act.

-END-

Independent Auditor's report

Independent Auditors' Report

17 November 2020

BEENOS Inc.
To the Board of Directors

Grant Thornton Taiyo LLC
Tokyo Office

Designated Limited Liability Partners Engagement Partner	Certified Public Accountant	Tetsu Saito	㊞
Designated Limited Liability Partners Engagement Partner	Certified Public Accountant	Shinichi Shinozuka	㊞

Audit Opinion

We have audited the financial statements of BEENOS Inc for the 21st fiscal year from 1 October 2019 to 30 September 2020, including the balance sheet, profit and loss statement, statement of changes in shareholders' equity, individual notes, and supplementary schedules thereof (hereinafter referred to as "financial statements") in accordance with the provisions of Article 436(2)(i) of the Companies Act.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and the status of profit and loss for the period related to such financial statements in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility for auditing standards is stated in "Liability of Auditors for Auditing Financial Statements, etc." We are independent of the Company and fulfill other ethical responsibilities as an auditor in accordance with the provisions on occupational ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Audit and Supervisory Committee to Financial Statements, etc.

Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in Japan. This includes the design, implementation, and maintenance of internal controls deemed necessary by management for the preparation and fair presentation of financial statements, etc. free from material misstatement, whether due to fraud or error.

In preparing financial statements, etc., management is responsible for assessing whether it is appropriate to prepare financial statements, etc. based on the assumption of a going concern and

disclosing such matters if it is necessary to disclose matters related to a going concern based on accounting standards generally accepted in Japan.

The responsibility of the Audit and Supervisory Committee is to oversee the execution of the directors' duties in the development and operation of the financial reporting process.

Liability of Auditors in Auditing Financial Statements, etc.

The responsibility of the auditor is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, based on the audit conducted by the auditor, and to express an opinion on the financial statements, etc. from an independent standpoint in the audit report. A misstatement is judged to be material when it may occur due to fraud or error and when, individually or in the aggregate, it is reasonably expected to affect the decision-making of users of financial statements, etc.

In accordance with auditing standards generally accepted in Japan, the auditors shall make judgments as professional experts through the audit process and carry out the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. We will also design and implement audit procedures to address material misstatement risks. The selection and application of audit procedures are based on the judgment of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- Although the purpose of an audit of the financial statements, etc. is not to express an opinion on the effectiveness of the internal control, in performing the risk assessment, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Assess the appropriateness of fiscal policies adopted by management and their application methods, as well as the reasonableness of accounting estimates made by management and the adequacy of related footnote matters.
- Conclude whether it is appropriate for management to prepare financial statements, etc. on a going concern basis and whether, based on the audit evidence obtained, material uncertainties with respect to events or circumstances that raise substantial doubt about the Company's ability to continue as a going concern. In cases where material uncertainty regarding the going concern assumption is recognized, the Audit Report is required to draw attention to the notes to the financial statements, etc. or, in cases where the notes to the financial statements, etc. concerning material uncertainty are not appropriate, the Company is required to express opinions on the financial statements, etc. that are excluded. The auditor's conclusion is based on audit evidence obtained through the date of the audit report, but future events and circumstances may prevent the entity from continuing as a going concern.
- Evaluate whether the presentation and notes of financial statements, etc. conform to accounting principles generally accepted in Japan, as well as whether the presentation, composition and contents of financial statements, etc. including related notes, and whether the financial statements, etc. fairly present the underlying transactions and accounting events.

The auditor shall report to the Audit Committee the scope and timing of the planned audit, important findings in the audit, including important deficiencies in the internal controls identified in the course of the audit, and other matters required by the audit standards.

The auditor will report to the Auditing and Etc. Committee that they have complied with the Japanese Occupational Ethics provisions for independence, and items that are reasonably considered to affect the auditor's independence, and, if safeguards are in place to eliminate or mitigate obstacles.

Interests

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

-END-

Audit & Supervisory Committee's Report

Auditor's Report

We have audited Directors' performance of duties from 1 October 2019 to 30 September 2020, the 20th 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 2005 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 Grant Thornton Taiyo LLC are appropriate.

（3）Audit Result of the Consolidated Financial Statements

We confirm that the method and result of Grant Thornton Taiyo LLC are appropriate.

18 November 2020

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-