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Consolidated Financial Results (Japanese Accounting Standards)

For the First Quarter Ended 31 December 2020

8 February 2021

Company Name	BEENOS Inc.	Stock Exchange Listing	Tokyo
Stock Code	3328	URL	http://www.beenos.com
Representative	President and Group CEO	Shota Naoi	
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Scheduled filing date of the Annual Securities Report	12FEB2021	Scheduled date of commencement of dividend payment	—

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes (for Analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended 31 December 2020 (1 October 2020 – 31 December 2020)

(1) Consolidated Results of Operations (Accumulated Total) (% show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY2021	6,275	△22.8	345	△85.4	311	△86.8	122	△92.3
1Q FY2020	8,129	53.1	2,366	—	2,367	—	1,421	—

(Note) Comprehensive Income 1Q FY2021 85 Mil. yen (△94.8%) 1Q FY2020 1,641 Mil. yen (—%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
1Q FY2021	9.71	9.13
1Q FY2020	133.60	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q FY2021	21,811	11,176	50.8	870.71
FY2020	23,029	11,210	48.3	882.12

(Reference) Shareholders' equity 1Q FY2021 11,085 Million yen FY2020 11,130 Million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	—	0.00	—	20.00	20.00
FY2021	—				

3.Consolidated Forecasts for the Fiscal Year Ending 30 September 2020 (1 October 2019 – 30 September 2020)

We are refraining from disclosing our consolidated forecast for FY2021. Please refer to "Explanation of Outlook for the Future" on pg. 6 for details.

※ Notes

(1) Changes of important subsidiaries during period : None

New companies: - (Company name: -) Excluded companies: - (Company name: -)

(2) Changes in accounting policies and changes or restatement of accounting estimates

① Changes in accounting policies caused by revision of accounting standards	: None
② Changes in accounting policies other than ①	: None
③ Changes in accounting estimates	: None
④ Restatement	: None

(3) Number of shares outstanding (common shares)

① Number of shares outstanding at the end of period (including treasury shares)	FY2021 1Q	13,335,995 Shares	FY2020	13,335,995 Shares
② Number of treasury shares at end of period	FY2021 1Q	604,076 Shares	FY2020	717,670 Shares
③ Average number of shares outstanding during the term	FY2021 1Q	12,647,686 Shares	FY2020 1Q	11,935,853 Shares

※ This financial summary does not need to go through the auditing process.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ from the forecast depending on a range of factors.

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1. Qualitative Information for this Fiscal Year's Results

(1) Business Performance Report

The BEENOS Group aims to be on the "Global Platform Frontier" and continue to create platforms that will connect Japan with the world to create new standards and possibilities for people, products and experiences.

Our objective this year is to "establish a position that competitors cannot catch up to" in the Global Commerce Business, "shift to higher ticket items and fortify foreign sales" in the Value Cycle Business and "create a new SaaS-type system specific to the entertainment industry" in the Entertainment Business. We also believe that the effects of the COVID-19 pandemic will have a long-term effect and will take the necessary measures to adapt in the most appropriate manner for the safety and the growth of our businesses.

In the first quarter, the Global Commerce Business continued to leverage its position with the cheapest available shipping rates to its respective countries to increase its share of the market. The Value Cycle Business has opened additional brick and stores to increase its purchasing ability of higher ticketed items to turn over and sell. The Entertainment Business focused on the sales of official merchandise of performing artists and aimed to create a scheme that would not depend heavily on in-person events. As a result, the E-Commerce Business showed strong growth in sales and operating income. The Incubation Business did not record any sales on investments. The new businesses have continued its efforts to support Japanese companies and content holders with their global penetration by joining partnerships with places such as Southeast Asia's largest EC platform, "Lazada", and the central financial institution in Japan for the cooperative regional financial institutions, the "Shinkin Central Bank."

As a result, the 1st quarter consolidated net sales were 6,275 Million JPY (down 22.8% year on year), operating income was 345 Million JPY (down 85.4% year on year), ordinary income was 311 Million JPY (down 86.8% year on year), and net income attributable to owners of parent was 122 Million JPY (down 92.3% year on year). The main reason for the big decrease year on year is because we recorded sales of operational investment securities last year (about 2.8 Billion JPY), but did not record any sales in the same category this quarter.

The consolidated GMV for the 1st quarter was 15.2 Billion JPY (up 36.3% year on year).

The achievements of each business segment are as follows.

①E-Commerce Business

i)Global Commerce Business

The Overseas Forwarding and Proxy Purchasing Business (From Japan) has formed a business alliance with Mercari, Inc. in November 2019 which has driven the growth of its GMV. Furthermore, as COVID-19 has delayed or suspended international distribution, we have made a concerted effort to provide alternative shipping methods to foreign countries which has led to an increase in orders received, mainly in the United States. We have also made it easier for Japanese EC services to make their products available on Buyee through "Buyee Connect" which can be simply done by installing a few tags on the EC service's website. Popular websites such as LOCONDO.jp and FASHION WALKER have already used this service. Buyee Connect allows users to purchase through major foreign payment services such as PayPal and Alipay as well as receiving customer support in various languages including English and Chinese.

The Global Shopping Business (To Japan) has continued to automate its operations and conducted marketing strategies aimed at individual users to increase its number of active users. Though COVID-19 has hit the United States hard, where our distribution center is located, operations have not been affected by the pandemic.

As a result, the net sales were 1,768 Million JPY (up 43.7% year on year) and operating income was 579 Million JPY (up 104.9% year on year).

ii) Value Cycle Business

The Apparel Reuse Business has seen a decrease in demand for luxury items with the continuing spike of COVID-19 but has been able to improve its operating margins though the improvement of gross profit margins

and optimizing advertising costs. On the purchasing side, we have opened 3 Brandear brick and mortar stores in Tokyo to continue the purchasing of luxury items in the first quarter. These efforts have increased the average unit price of purchased items. On the selling side, we have partnered with the Taiwan and Southeast Asia E-Commerce juggernaut, "Shopee," to sell merchandise abroad. We have also started a back-order service where customers can have items they are interested be shipped to any of Brandear or JOYLAB's locations where they can see it first-hand before purchasing the item.

The Liquor Mediation Business has increased its marketing to purchase items from restaurants and bars. As a result, we recorded a record high in purchases in the first quarter. We have also conducted some promotions on our vending service, "moment," to boost sales.

As a result, net sales were 2,840 Million JPY (down 9.8% year on year) and operating income was 51 Million JPY (compared with operating loss of 27 Million JPY in 1Q FY2020).

iii)Entertainment Business

The Entertainment Business continues to see a downward trend of large-scale events due to the COVID-19 pandemic. However, we have seen a healthy increase in EC sales as we have focused on selling merchandise at online events. Though some in-person events have started to resume, there are still restrictions on the number of guests allowed in venues which we believe will not be remedied in the near future.

As a result, the net sales were 1,653 Million JPY (up 91.3% year on year) and operating income was 140 Million JPY (compared with operating loss of 38 Million JPY in 1Q FY2020).

For the E-Commerce Business as a whole, net sales were 6,262 Million JPY (up 19.4% year on year) and operating income was 771 Million JPY (up 255.8% year on year).

②Incubation Business

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 teamed up with one of our domestic investments, Vpon JAPAN Inc., to create a digital solution on the cross-border front. This partnership with BEENOS Travel Inc. will operate the "Japan inbound media promotion verification" service that will gauge how inbound-related advertisements and articles have converted to users actually visiting the target region. We currently find ourselves in the stage where we can synergize with the companies we have invested in. Inbound related startups are still in a rough position with the COVID-19 pandemic, but we remain focused on projects that we can release once the pandemic settles down. Though we have not recorded sales on investment securities, our main investments in the marketplace business have seen their numbers recover back to, or even beyond, what it was when the pandemic started. We will continue to monitor these companies and make any sales at the opportune moment.

The Start-up Business has a start-up that has partnered with one of Southeast Asia's largest EC platforms, "Lazada," where we are now able to support Japanese companies list their products on Lazada. As we cover the translation of product information, offer multi-lingual customer support and take care of logistics to ship overseas, Japanese companies are able to list onto Lazada without doing any special operation on their side. We have also partnered with "Shinking Central Bank" to help small-mid cap companies across Japan create an online store onto "Shopee." Our business most affected by COVID-19 is the inbound travel business where we are minimizing marketing costs and developing business plans for when overseas travel resumes.

As a result, net sales for the were 22 Million JPY (down 99.2% year on year) and operating loss was 245 Million JPY (compared with an operating income of 2,445 Million JPY in 1Q FY2020).

(2) Financial Status Report

① Financial Status Analysis

(i) Assets

Assets totaled 21,811 Million JPY at the end of the 1Q, down 1,218 Million JPY from the end of the previous fiscal year.

Current assets totaled 18,472 Million JPY, down 1,386 Million JPY from the end of the previous fiscal year. This was mainly attributable to a decline of 548 Million JPY in cash and deposits, 579 Million JPY in notes and accounts receivable-trade and 468 Million JPY in income.

Total non-current assets were 3,339 Million JPY, up 167 Million JPY from the end of the previous fiscal year. This was mainly due to an increase of 66 Million JPY in investment securities and 78 Million JPY in deferred tax assets.

(ii) Liabilities

Total liabilities at the end of the 1Q of the fiscal year under review decreased 1,184 Million JPY from the end of the previous fiscal year to 10,634 Million JPY.

Total current liabilities amounted to 8,855 Million JPY, down 827 Million JPY from the end of the previous fiscal year. This was mainly due to a decrease in deposits received of 1,138 Million JPY and an increase in income taxes payable of 294 Million JPY.

Total non-current liabilities were 1,778 Million JPY, down 356 Million JPY from the end of the previous fiscal year. This was mainly due to a decrease of 150 Million JPY in long-term loans payable and 212 Million JPY in deferred tax liabilities.

(iii) Net assets

Net assets totaled 11,176 Million JPY at the end of the 1Q, down 33 Million JPY from the end of the previous fiscal year. This was mainly due to a decrease of 129 Million JPY in retained earnings and a decrease of 121 Million JPY in treasury shares.

(3) Outlook for FY2021

We are refraining from disclosing our consolidated FY2021 forecast as we have determined that it is not logical to forecast the timing and amount of sales of operational investment securities in the Incubation Business. Moreover, we need to be flexible regarding the timing and amount we plan to invest in our new businesses as we closely monitor the upcoming circumstances.

We do believe that disclosing our forecast is very important in making investment decisions, so we will proceed to disclose the forecast for our E-Commerce Business which is more transparent. The chart below has not changed since we first disclosed it on 5 November 2020.

E-Commerce Business Forecast (Unit: Billion JPY)

	E-Commerce Business			
	Global Commerce (Fmr Cross Border)	Value Cycle (Fmr Value Cycle)	Entertainment (Fmr Retailing and Licensing)	Total
GMV	34.2	13	8	55.2
YoY	115 %	107 %	97 %	110 %
Net Sales	7.6	13	4	24.6
YoY	128 %	107 %	100 %	111 %
Operating Income	2.15	0.18	0	2.33
Year-on-year change	128 %	174 %	-	137 %
(Reference) FY2020				

GMV	29.7	12.1	8.2	50.1
Net Sales	5.9	12.1	4	22.1
Operating Income	1.68	0.1	▲0.09	1.69

2. Quarterly Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit:1,000 JPY)

	Year-end FY2020 (30 September 2020)	1Q FY2021 (31 December 2020)
Assets		
Current assets		
Cash and deposits	9,976,285	9,428,268
Notes and accounts receivable	1,110,244	530,466
Operational investment securities	3,966,499	4,023,752
Products	1,553,412	1,630,947
Accounts receivable	2,090,188	1,621,770
Other	1,167,282	1,242,456
Allowance for doubtful accounts	△5,600	△5,600
Total current assets	19,858,313	18,472,061
Fixed assets		
Tangible Assets		
Buildings and structures	581,194	608,087
Accumulated depreciation	△297,855	△309,879
Buildings and structures, net	283,339	298,208
Vehicles	9,549	9,494
Accumulated depreciation	△8,716	△8,768
Vehicles, net	833	725
Tools, materials and supplies	205,497	190,938
Accumulated depreciation	△147,248	△132,525
Tools, materials and supplies, net	58,249	58,413
Total tangible assets	342,421	357,347
Intangible assets		
Goodwill	374,785	348,373
Other	167,754	193,617
Total intangible assets	542,539	541,990
Investments etc.		
Investment securities	1,776,419	1,842,646
Deferred tax assets	68,772	146,923
Other	441,221	450,387
Total investments etc.	2,286,413	2,439,957
Total fixed assets	3,171,375	3,339,295
Total assets	23,029,688	21,811,357

(Unit:1,000 JPY)

	Year-end FY2020 (30 September 2020)	1Q FY2021 (31 December 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	348,387	247,166
Short-term loan	1,600,000	1,600,000
Current portion of long-term loans payable	300,000	300,000
Accounts payable-other	3,373,049	3,539,964
Deposits received	2,373,894	1,235,441
Income taxes payable	783,695	1,078,673
Other	904,829	854,687
Total current liabilities	9,683,855	8,855,932
Fixed liabilities		
Long-term loans payable	1,721,617	1,571,164
Deferred tax liabilities	212,544	-
Asset retirement obligations	201,420	207,601
Total fixed liabilities	2,135,582	1,778,765
Total liabilities	11,819,437	10,634,698
Net assets		
Shareholders' equity		
Capital stock	2,775,840	2,775,840
Capital surplus	3,903,953	3,903,909
Retained earnings	5,462,007	5,332,510
Treasury Stock	△778,700	△657,068
Total shareholders' equity	11,363,100	11,355,191
Other accumulated comprehensive income		
Valuation difference on securities	△286,179	△261,377
Foreign currency translation adjustments	53,939	△7,988
Total other accumulated comprehensive income	△232,239	△269,366
Share subscription rights	79,389	90,833
Total net assets	11,210,251	11,176,659
Total liabilities and net assets	23,029,688	21,811,357

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

Quarterly Consolidated Profit & Loss Statement

Consolidated Cumulative 1st Quarter

(Unit:1,000 JPY)

	1Q FY2020 (1 October 2019 – 31 December 2019)	1Q FY2021 (1 October 2020 – 31 December 2020)
Net sales	8,129,205	6,275,990
Cost of sales	3,053,395	3,112,555
Gross profit	5,075,810	3,163,435
Selling, general and administrative expenses	2,709,197	2,818,049
Operating income	2,366,612	345,386
Non-operating income		
Interest income	10	19
Equity in earnings of affiliates	390	-
Subsidy income	2,706	2,767
Gain on investments in partnerships	68,632	1,999
Other	16,359	12,178
Total non-operating income	88,100	16,965
Non-operating expenses		
Interest expenses	2,512	3,537
Equity in loss of affiliates	-	39,399
Foreign exchange losses	3,450	22,722
Commissions paid	80,415	24
Other	342	203
Total non-operating expenses	86,721	50,400
Ordinary income	2,367,991	311,951
Extraordinary income		
Gain on reversal of subscription rights to shares	5,200	203
Total extraordinary income	5,200	203
Income (△) before income taxes and minority interests	2,373,191	312,154
Income taxes	600,563	506,098
Income taxes-deferred	197,879	△316,813
Total income taxes	798,443	189,285
Income before income	1,574,748	122,869
Loss (△) attributable to non-controlling interests	△19,845	-
Net profit attributable to owners of parent	1,594,594	122,869

Quarterly Consolidated Statement of Comprehensive Income

Consolidated Cumulative 1st Quarter

(Unit:1,000 JPY)

	1Q FY2020 (1 October 2019 – 31 December 2019)	1Q FY2021 (1 October 2020 – 31 December 2020)
Income before income	1,574,748	122,869
Other comprehensive income		
Valuation difference on securities	44,145	24,629
Foreign currency translation adjustments	21,499	△59,939
Share of other comprehensive (loss) income in associates	609	△1,817
Total other comprehensive income	66,253	△37,126
Quarterly Comprehensive income	1,641,002	85,742
(Breakdown)		
Comprehensive income attributable to owners of parent	1,660,848	85,742
Comprehensive income attributable to non-controlling interests	△19,845	-

(3) Notes on Quarterly Consolidated Financial Statements

(Notes regarding the premise of on-going concerns)

Not Applicable

(Notes regarding significant changes in the amount of shareholder's equity)

Not Applicable

(Segment Information, etc.)

I Previous Consolidated Cumulative 1st Quarter (1 October 2019 – 31 December 2019)

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

(Unit:1,000 JPY)

	Reporting Segment						Adjustments (Note) 1	Recorded Amount on Quarterly Consolidated Profit & Loss Statement (Note) 2
	E-Commerce Business				Incubation Business	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal				
Net Sales								
Sales to Customers	1,223,387	3,148,677	864,422	5,236,486	2,892,718	8,129,205	—	8,129,205
Internal Sales or Transfers Between Segments	7,775	—	82	7,857	21,213	29,071	△29,071	—
Total	1,231,162	3,148,677	864,504	5,244,344	2,913,932	8,158,276	△29,071	8,129,205
Segment Earnings	282,770	△27,607	△38,367	216,795	2,445,973	2,662,768	△296,155	2,366,612

(Notes) 1.The segment earnings or loss adjustment of △296 Million JPY includes the deletion of inter-segment transactions of 6 Million JPY, company-wide revenue of 100 Million JPY, that is not distributed to each reporting segment, and company-wide cost of △403 Million JPY. Company-wide revenues are mainly the Company's received commission from each subsidiary. Company-wide costs are mainly the Company's administrative costs toward the subsidiaries.

2. Segment Profits are adjusted in the operating income of the Consolidated Profit& Loss Statement.

II Current Consolidated Cumulative 1st Quarter (1 October 2020 – 31 December 2020)

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

(Unit:1,000 JPY)

	Reporting Segment						Adjustments (Note) 1	Recorded Amount on Quarterly Consolidated Profit & Loss Statement (Note) 2
	E-Commerce Business				Incubation Business	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal				
Net Sales								
Sales to Customers	1,766,466	2,840,016	1,653,284	6,259,767	16,223	6,275,990	-	6,275,990
Internal Sales or Transfers Between Segments	2,506	-	296	2,803	6,022	8,825	△8,825	-
Total	1,768,973	2,840,016	1,653,580	6,262,570	22,245	6,284,816	△8,825	6,275,990
Segment Earnings	579,290	51,818	140,312	771,422	△245,665	525,757	△180,370	345,386

(Notes) 1.The segment earnings or loss adjustment of △180 Million JPY includes the deletion of inter-segment

transactions of △386 Million JPY, company-wide revenue of 127 Million JPY, that is not distributed to each reporting segment, and company-wide cost of △307 Million JPY. Company-wide revenues are mainly the Company's received commission from each subsidiary. Company-wide costs are mainly the Company's administrative costs toward the subsidiaries.

2. Segment Profits are adjusted in the operating income of the Consolidated Profit& Loss Statement.

2.Notes regarding changes in reporting segments

As of 1Q FY2021, the names of the following business segments have changed. The "Cross Border Business" is now the "Global Commerce Business" and the "Retailing and Licensing Business" is now the "Entertainment Business." The subsidiaries within each business segment remains the same.

We have reflected the name change in 1Q FY2020's segment information.