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Consolidated Financial Results (Japanese Accounting Standards)

For the Third Quarter Ended 30 June 2024

6 August 2024

Company Name BEENOS Inc. Stock Exchange Listing Tokyo
Stock Code 3328 URL http://www.beenos.com
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Scheduled date of commencement of dividend payment -

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes

(Amounts rounded down to the nearest million yen)

Consolidated Financial Results for the Third Quarter Ended 30 June 2024 (1 October 2023 to 30 June 2024)

(1) Consolidated Results of Operations

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2024 Q3	20,367	△7.7	1,424	△46.6	1,482	△37.8	1,685	35.0
FY2023 Q3	22,075	2.4	2,667	365.3	2,384	373.5	1,248	-

(Note) Comprehensive income FY2024 Q3 2,064Million yen (-%) FY 2023 Q3 △3,419Million yen (-%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
FY2024 Q3	139.10	134.31
FY2023 Q3	100.76	95.85

(2) Consolidated Financial Position

	Total assets	Net worth	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2024 Q3	30,405	14,867	48.3	1,207.23
FY2023	27,911	13,010	45.8	1,060.34

(Reference) Equity capital FY2024 Q3 14,675 Million yen FY2023 12,789 Million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	-	0.00	-	27.00	27.00
FY2024	-	0.00	-		
FY2024(Forecast)				27.00	27.00

(Note) Revision to the most recently announced dividend forecast: None

3. Consolidated Forecasts for the Fiscal Year Ending 30 September 2024 (1 October 2023 – 30 September 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent Net income for the period		Per share Net income for the year
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2024	24,500	△24.6	2,100	△53.4	1,800	△55.6	1,560	△29.0	128.25

(Note) Revisions to the most recently announced earnings forecast: None

* Notes

(1) Changes of important subsidiaries during period : Yes

New companies: - (Company name: -)

Excluded companies: 2 Company names:
Defactostandard, Ltd. and JOYLAB Inc.

(2) Application of unique accounting process in creating the quarterly financial statement: No

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(1) Changes in accounting policies due to revision of accounting standards	: None
(ii) Changes in accounting policies other than (I)	: None
(iii) Changes in accounting estimates	: None
④ Restatement	: None

(4) Number of issued shares (ordinary shares)

(1) Number of shares issued and outstanding at the end of the period (including Treasury Stock)	FY2024 Q3	12,931,295 Shares	FY2023	12,876,995 Shares
(ii) Number of Treasury Stocks of treasury stock	FY2024 Q3	775,062 Shares	FY2023	814,966 Shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	FY2024 Q3	12,115,634 Shares	FY2023	12,386,346 Shares

(Note) Due to the introduction of the Trust-type Employee Stock Ownership Incentive Plan (E-Ship), the number of Treasury Stocks at the end of the fiscal year includes the Company's shares held by the BEENOS Employee Stock Ownership Plan Exclusive Trust (8,300 shares as of September 30, 2023). In addition, the Company's shares held by the trust are included in Treasury Stock, which is deducted in the calculation of the average number of shares during the period.

* Review of the attached quarterly consolidated financial statements by a certified public accountant or an auditing firm : None

* Explanation of Appropriate Use of Performance Forecasts and Other Special Notes

(Notes on forward-looking statements)

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable. The Company does not guarantee the achievement of these forecasts. Actual results may differ significantly due to a variety of factors.

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1. Qualitative Information for this Fiscal Year's Results

(1) Business Performance Report

The BEENOS Group is committed to becoming a leader on the "Global Platform Frontier," setting new standards and unlocking possibilities by fusing people, products, and information with the global commerce market. This ambition is fueled by leveraging technological advancements and our comprehensive expertise in global commerce.

For this fiscal year, we are concentrating on tailored strategies for each of our business segments to attain our objectives. Our goal in Global Commerce is to broaden our distribution channels by enhancing the Buyee service with AI technology, reducing operational costs, and engaging in vigorous promotional efforts. Our focus in Entertainment is on boosting profit margins through the systematization and automation of operations.

During FY2024 Q3, our E-commerce Business experienced notable growth across its segments. In Global Commerce, the personalization of coupon distribution significantly increased total GMV and enhanced profits. Meanwhile, the Entertainment segment increased its GMV through large scale events of the artists it supports while expanding its lineup of new artists on Groobee. We have completed the transfer of shares for the Value Cycle segment as announced in "(Progress of Disclosed Matters) Notice of Completion of Change in Consolidated Subsidiaries (Shares Transfer) and Forecast of Extraordinary Income" on 30 April 2024. The Value Cycle segment has been deconsolidated from the BEENOS Group as of FY2024 Q2.

In the Incubation business, although there were no sales of operating investment securities during this period, dividends were received and recorded. On the other hand, provisions and impairments were recognized in response to changes in the valuation of these securities.

Additionally, in conjunction with the stock transfer of the Value Cycle segment, we have recorded approximately 1 billion yen as a special profit for the third quarter. However, the final amount of the special profit will be determined after the price adjustments specified in the stock transfer agreement. Thus, the adjustment amount is expected to be recorded during this fiscal year.

As a result, the consolidated GMV was 85,670 mil JPY (up 21.4% year on year), net sales were 20,367 mil JPY (down 7.7% year on year), operating income was 1,424 mil JPY (down 46.6% year on year), ordinary income was 1,482 mil JPY (down 37.8% year on year), and net income attributable to owners of parent was 1,685 mil JPY (up 35.0% year on year).

The achievements of each business segment are as follows.

(1) E-Commerce Business

i) Global Commerce Business

In the Overseas Forwarding and Proxy Purchasing Business (FROM JAPAN), we have continued to implement aggressive campaigns in collaboration with domestic partners through Buyee, significantly contributing to GMV growth. Moreover, we have shifted from distributing large-scale coupons targeting a broad user base last year to distributing coupons based on users' purchase frequency and product categories, allowing for more efficient coupon distribution targeted at specific groups.

We have also continued to improve our services, and in the third quarter, we added Australia and Malaysia to the list of countries eligible for Buyee's exclusive "ECMS Express" plan, offering more cost-effective shipping options to users in these regions.

Furthermore, we have used AI to make improvements such as redesigning the Buyee site and have automated tasks that were previously handled manually, such as message responses. This has led to a reduction in operational costs. At the same time, we implemented measures to reduce server costs, which, combined with the efficiency improvements in our campaigns, has enhanced the operating profit margin relative to GMV.

Additionally, our cross-border purchase support service "Buyee Connect," which enables abroad sales by

simply installing a tag on existing e-commerce sites, was introduced to the "Golf Do! Online Shop," an e-commerce site for buying and selling golf equipment operated by GOLF DO CO., LTD. during the third quarter, expanding the number of companies adopting this service.

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

As a result, GMV was 66,724 mil JPY (up 33.8% year on year), net sales were 10,787 mil JPY (up 21.3% year on year) and operating income was 3,276 mil JPY (up 16.3% year on year).

ii) Entertainment Business

In the Entertainment Business, sales of merchandise related to concerts and performances by our managed artists have been robust.

The entertainment industry-specific e-commerce platform "Groobee" has seen a steady increase in the number of companies adopting it. In the third quarter, we began supporting the production and operation of the "Maseki Official Goods Shop," an e-commerce shop for MASEKI GEINOSHA. Additionally, merchandise sales through already established e-commerce shops on Groobee have performed well, contributing to an increase in GMV.

As a result, GMV was 10,224 mil JPY (up 6.0% year on year), net sales were 975 mil JPY (up 6.8% year on year) and operating losses were 105 mil JPY (operating losses in FY2023 Q3 were 165 mil JPY).

iii) Value Cycle Business

The share transfer of the Apparel Reuse Business and Liquor Mediation Business have completed; thus, this segment has been deconsolidated as of FY2024 Q2.

As a result, GMV was 8,267 mil JPY (down 20.4% year on year), net sales were 8,387 mil JPY (down 19.9% year on year) and operating losses were 63 mil JPY (operating losses in FY2023 Q3 were 17 mil JPY). (FY2024 Q2 comparisons are made to FY2023 Q3)

For the E-Commerce Business as a whole, GMV was 85,168 mil JPY (up 21.9% year on year), net sales were 20,151 mil JPY (down 0.6% year on year) and operating income was 3,107 mil JPY (up 17.9% year on year).

② Incubation Business

The Incubation Business booked 83 million JPY through dividends from its operational investment securities.

As a result, net sales were 86 mil JPY (down 94.5% year on year) and operating losses were 185 mil JPY (operating income in FY2023 Q3 was 1,455 mil JPY).

(iii) Other Businesses

In our Cross-Border E-Commerce Support Business, we offer a comprehensive suite of one-stop services for Japanese companies aiming to penetrate major international marketplaces like "Shopee" and "eBay." Our offerings cover everything from store setup and customer support to international shipping and payment processing. We are also advancing various initiatives with local partner companies regarding the handling of Korean merchandise, implementing projects that connect products from Korean marketplaces with Japanese marketplaces.

In the Travel Business, we are reviewing the operational status of each service and have proceeded with some downsizing.

As a result, GMV was 589 mil JPY (down 37.5% year on year), net sales were 558 mil JPY (down 1.4% year on year) and operating losses were 696 mil JPY (operating losses in FY2023 Q3 were 689 mil JPY).

(2) Financial Status Report

(1) Analysis of Financial Position

(I) Assets

Total assets at the end of the third quarter of the fiscal year under review increased by 2.493 billion yen from the end of the previous fiscal year to 30.405 billion yen.

The breakdown shows total current assets at 25.839 billion yen, an increase of 3.106 billion yen from the end of the previous fiscal year. The main factors were increases of 5.524 billion yen in cash and deposits 1.052 billion yen in accounts receivable and decreases of 2.303 billion yen in product and 924 million yen in notes and accounts receivable trade.

Total fixed assets were 4.565 billion yen, a decrease of 612 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 322 million yen in buildings and structures and 217 million yen in lease deposits included in other in investments and other assets.

(ii) Liabilities

Total liabilities at the end of the third quarter were 15.538 billion yen, an increase of 637 million yen from the end of the previous fiscal year.

The breakdown shows total current liabilities at 14.84 million yen, an increase of 780 million yen from the end of the previous fiscal year. The main factors were an increase of 1.635 billion yen in deposits received, an increase of 653 million yen in income taxes payable, a decrease of 1.2 million yen in short-term loans, and a decrease of 394 million yen in accounts payable-other.

On the other hand, total fixed liabilities were 697 million yen, a decrease of 143 million yen from the end of the previous fiscal year. This was mainly due to an increase of 285 million yen in long-term loans payables, a decrease of 242 million yen in deferred tax liabilities, and a decrease of 163 million yen in asset retirement obligation.

(iii) Net assets

Total net assets at the end of the third quarter of the current fiscal year increased by 1.856 billion yen from the end of the previous fiscal year to 14.867 billion yen. This was mainly due to increases of 1.359 billion yen in retained earnings and 487 million yen in foreign currency translation adjustments.

2. Quarterly Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	FY2023 (30 September 2023)	FY2024 Q3 (30 June 2024)
Assets		
Current assets		
Cash and deposits	10,648	16,172
Notes and accounts receivable	1,367	442
Operational investment securities	3,998	4,014
Products	2,650	347
Accounts receivable	1,211	2,264
Other	2,929	2,597
Allowance for doubtful accounts	△73	-
Total current assets	22,733	25,839
Fixed assets		
Tangible Assets		
Buildings and structures	783	237
Accumulated depreciation	△439	△215
Buildings and structures, net	344	21
Tools, materials and supplies	271	204
Accumulated depreciation	△196	△158
Tools, materials and supplies, net	75	45
Other	42	40
Accumulated depreciation	△19	△ 17
Other, net	22	23
Total tangible assets	442	90
Intangible assets		
Software	297	240
Other	0	-
Total intangible assets	297	240
Investments etc.		
Investment securities	2,983	3,043
Deferred tax assets	910	1,007
Other	544	184
Total investments etc.	4,438	4,234
Total fixed assets	5,178	4,565
Total assets	27,911	30,405

(Unit: Million yen)

	FY2023 (30 September 2023)	FY2024 Q3 (30 June 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	54	76
Short-term loan	4,250	3,050
Current portion of long-term loans payable	647	540
Accounts payable-other	6,822	6,427
Deposits received	996	2,632
Income taxes payable	254	908
Other	1,034	1,205
Total current liabilities	14,060	14,840
Fixed liabilities		
Long-term loans payable	300	585
Deferred tax liabilities	295	52
Asset retirement obligations	223	59
Other	22	-
Total fixed liabilities	841	697
Total liabilities	14,901	15,538
Net assets		
Shareholders' equity		
Capital stock	2,775	2,812
Capital surplus	2,954	2,976
Retained earnings	7,256	8,615
Treasury Stock	△1,566	△1,478
Total shareholders' equity	11,421	12,927
Other accumulated comprehensive income		
Valuation difference on securities	△215	△323
Foreign currency translation adjustments	1,584	2,071
Total other accumulated comprehensive income	1,368	1,748
Share subscription rights	220	191
Total net assets	13,010	14,867
Total liabilities and net assets	27,911	30,405

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

Quarterly Consolidated Statements of Income

Third quarter consolidated cumulative period

(Unit: Million yen)

	FY2023 Q3 (1 October 2022 – 30 June 2023)	FY2024 Q3 (1 October 2023 – 30 June 2024)
Net sales	22,075	20,367
Cost of sales	10,920	11,228
Gross profit	11,154	9,139
Selling, general and administrative expenses	8,486	7,714
Operating income	2,667	1,424
Non-operating income		
Interest income	3	14
Equity in earnings of affiliated companies	-	59
Gain on investments in partnerships	-	79
Subsidy income	1	0
Guarantee income	14	3
Other	26	35
Total non-operating income	45	193
Non-operating expenses		
Interest expenses	13	12
Equity in loss of affiliates	203	-
Foreign exchange losses	90	104
Commissions paid	1	-
Loss on investments in partnerships	18	-
Other	1	18
Total non-operating expenses	328	134
Ordinary income	2,384	1,482
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	1,003
Gain on reversal of subscription rights to shares	5	30
Total extraordinary income	5	1,033
Extraordinary losses		
Loss on retirement of noncurrent assets	10	-
Impairment loss	139	-
Total extraordinary loss	149	-
Net Income or Loss (△) before income taxes	2,240	2,516
Income taxes	972	1,237
Income taxes-deferred	19	△406
Total income taxes	992	831
Net Income or Loss (△)	1,248	1,685
Net income (△) attributable to owners of parent	1,248	1,685

Quarterly Consolidated Statements of Comprehensive Income

Third quarter consolidated cumulative period

(Unit: Million yen)

	FY2023 Q3 (1 October 2022 – 30 June 2023)	FY2024 Q3 (1 October 2023 – 30 June 2024)
Net Income or Loss (△)	1,248	1,685
Other comprehensive income		
Valuation difference on securities	△4,765	△107
Foreign currency translation adjustments	99	472
Share of other comprehensive (loss) income in associates	△ 1	14
Total other comprehensive income	△4,667	379
Quarterly Comprehensive income	△3,419	2,064
(Breakdown)		
Comprehensive income attributable to owners of parent	△3,419	2,064
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes on Consolidated Financial Statement

(Notes regarding the premise of on-going concerns)

Not Applicable.

(Notes on Significant Changes in the Amount of Shareholders' equities)

Not Applicable.

(Notes on Segment Information.)

Third quarter of the previous fiscal year (1 October 2022 to 30 June 2023)

1. Information on Net sales, Profit or Loss, and Income Breakdown by reporting segment

(Unit: Million yen)

	reporting segments							Adjustments (Note) 2	Quarterly Consolidated Income statement Amount recorded (Note) 3
	E-commerce business				Incubation Business	Other Businesses	Total		
	Global Commerce Business	Value Cycle Business	Entertainment Business	Subtotal					
Net sales									
Revenue from contracts with customers	8,871	10,399	913	20,184	-	315	20,499	-	20,499
Other income (Note) 1	-	-	-	-	1,575	-	1,575	-	1,575
Net sales to external customers	8,871	10,399	913	20,184	1,575	315	22,075	-	22,075
Intersegment Net sales or transfers	24	73	0	97	-	251	348	△348	-
Total	8,895	10,472	913	20,281	1,575	566	22,424	△348	22,075
Segment profit (loss)	2,816	△ 17	△165	2,634	1,455	△689	3,400	△732	2,667

(Notes) 1. "Other income" includes income related to operational investment security in accordance with "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10).

2. The negative 732 million yen adjustment to segment profit (loss) includes negative 36 million yen elimination of inter-segment transactions, 252 million yen corporate revenue and negative 948 million yen corporate expenses that are not allocated to each reporting segment. Corporate income consists primarily of commissions received from Group companies. Corporate expenses are primarily related to Group management.

3. Segment profit is adjusted with Operating income in the quarterly consolidated statement of income.

2. Information on Impairment loss on fixed assets, goodwill, etc. by reporting segment

(Significant Impairment loss on Fixed assets)

An impairment loss of 139 million yen was recorded in the Other Businesses segment.

(From 1 October 2023 to 30 June 2024)

1. Information on Net sales, Profit or Loss, and Income Breakdown by reporting segment

(Unit: Million yen)

	Reporting segments							Adjustments (Note) 2	Quarterly Consolidated Income statement Amount recorded (Note) 3
	E-commerce business				Incubation Business	Other Businesses	Total		
	Global Commerce Business	Value Cycle Business	Entertainment Business	Subtotal					
Net sales									
Revenue from contracts with customers	10,763	8,323	975	20,062	-	205	20,267	14	20,281
Other income (Note) 1	-	-	-	-	86	-	86	-	86
Net sales to external customers	10,763	8,323	975	20,062	86	205	20,353	14	20,367
Intersegment Net sales or transfers	24	64	0	89	-	353	442	△442	-
Total	10,787	8,387	975	20,151	86	558	20,795	△428	20,367
Segment profit (loss)	3,276	△63	△105	3,107	△185	△696	2,225	△800	1,424

(Notes) 1. "Other income" includes income related to Operational investment security in accordance with "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10).

2. The negative 800 million yen adjustment to segment profit (loss) includes negative 8 million yen elimination of inter-segment transactions, 244 million yen corporate revenue and negative 1.036 billion yen corporate expenses that are not allocated to each reporting segment. Corporate income consists primarily of commissions received from Group companies. Corporate expenses are primarily related to Group management.

3. Segment profit is adjusted with Operating income in the quarterly consolidated statement of income.

2. Matters related to changes in reporting segments

In the E-commerce business segment, the Company has completed the transfer of the Value Cycle Business which include the Apparel Reuse Business and the Liquor Mediation Business. These businesses have been deconsolidated.

The results of the "Value Cycle Business" are the results up to FY2024 Q2.

(Notes on Cash Flow Statement)

The quarterly consolidated statement of cash flows for the current consolidated cumulative third quarter has not been prepared. Depreciation and amortization (including amortization expenses related to intangible assets excluding goodwill) and amortization of goodwill for the third quarter consolidated cumulative period are as follows.

	FY2023 Q3 (From 1 October 2022 to 30 June 2023)	FY2024 Q3 (From 1 October 2023 to 30 June 2024)
Depreciation and amortization	151 million yen	126 million yen
Amortization of goodwill	60	-