

Consolidated Forecasts for the Fiscal Year Ending 30 September 2019

(1 October 2018 – 30 September 2019)

No forecasts have been made for the consolidated FY2019. For more information please refer to “1. Qualitative Information for this Quarter’s Results (4) Outlook for FY2019” on page 8.

※ 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 : Yes

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)

FY2018	12,332,600 shares	FY2017	12,332,600 shares
FY2018	129,678 shares	FY2017	37,718 shares
FY2018	12,212,206 shares	FY2017	12,268,493 shares

② Number of treasury shares at end of period

③ Average number of shares outstanding during the term

※ 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 materially from the forecast depending on a range of factors.

Breakdown of the Dividend for Capital Surplus as Dividend Resources

The breakdown of the dividend for capital surplus as dividend resources for 2Q FY 2017 is as follows:

Reference date	End of 2Q	Total
Dividends per share	5.00 Yen	5.00 Yen
Total amount of dividends	61 Million yen	61 Million yen

(Note) Capital diminution rate 0.009

The breakdown of the dividend for capital surplus as dividend resources for FY 2017 is as follows:

Reference date	Year-end	Total
Dividends per share	13.00 Yen	13.00 Yen
Total amount of dividends	159 Million yen	159 Million yen

(Note) Capital diminution rate 0.023

The breakdown of the dividend for capital surplus as dividend resources for FY 2018 is as follows:

Reference date	Year-end	Total
Dividends per share	13.00 Yen	13.00 Yen
Total amount of dividends	158 Million yen	158 Million yen

(Note) Capital diminution rate 0.030

○Table of Contents

1. Qualitative Information for this Fiscal Year's Results	5
(1) Business Performance Report	5
(2) Financial Status Report	7
(3) Cash Flow Report	7
(4) Outlook for FY2018	8
(5) Basic Policy of Distribution of Profits and Dividends for FY2018 and FY2019	8
2. Status of the Corporate Group.....	9
3. Management Policies.....	11
(1) Company Basic Management Policy.....	11
(2) Target Business Indicators.....	11
(3) Mid-to-Long-Term Company Management Policy and Potential Risks.....	11
4. Basic Policy for the Selection of Accounting Standards.....	11
5. Financial Statements and Major Notes.....	12
(1) Consolidated Balance Sheet.....	12
(2) Consolidated Profit & Loss Statement and Consolidated Statement of Comprehensive Income.....	14
Consolidated Profit & Loss Statement.....	14
Consolidated Statement of Comprehensive Income.....	15
(3) Statement of Changes in Net Assets	16
(4) Consolidated Statements of Cash Flows.....	18
(5) Notes on Consolidated Financial Statement.....	20
(Notes regarding the premise of on-going concerns)	20
(Notes regarding changes in accounting policies)	20
(Additional Information)	20
(Segment Information)	21
(Information per share)	25
(Important Subsequent Events)	26

1. Qualitative Information for this Fiscal Year's Results

(1) Business Performance Report

The BEENOS Group aims to become the “Global Platform Frontier” by breaking new ground in IT and internet based markets and businesses. This year we focused to expand our current businesses and discover new business opportunities within the following topics: “Vertical Architecture,” “Product Arbitrage” and “Cross Border BtoB.” We have also sold our founding online shopping business, netprice, Ltd., from the Retailing and Licensing Business and acquired the liquor mediation business, Teikokushuhan Co. Ltd., to fortify the Value Cycle Business in FY2018.

As a result, the consolidated net sales were 22,768 Million JPY (+9.9% from FY2017), the operating income was 1,533 Million JPY (+1.7% from FY2017), the ordinary income was 1,728 Million JPY (+11.3% from FY2017) and the net profit attributable to owners of the parent company was 922 Million JPY (-8.7% from FY2017).

The consolidated GMV for the fiscal year was 46.3 Billion JPY (+9.4% from FY2017).

Furthermore, BEENOS subsidiary Defactostandard, Ltd. has changed its listing on the Tokyo Stock Exchange Market from Mothers to the First Section as of 6 September 2018.

The achievements of each business segment are as follows.

① E-Commerce Business

1-1 Cross Border Business

The Cross Border Business's Overseas Forwarding and Proxy Purchasing Business (From Japan) has increased its net sales by collaborating with domestic EC stores and foreign web media outlets. It has also taken measures to increase user satisfaction by implementing chat-based customer service and releasing a mobile app. In September 2018 it has further increased its focus on Taiwan by beginning a Taiwan-Japan Cross Border EC collaboration with Taiwan's “Yahoo Kimo Auction” and Japan's “Yahoo Auction.” Furthermore, measures to increase revenue such as the deccentration of warehouses and customer support offices led to an increase operating income.

The Global Shopping Business (To Japan) released its fixed shipping module, strengthened its SEO measures and fortified its affiliation with media outlets to gather new users which led to an increase in net sales. It has also invested its resources in reforming its system structure.

As a result, the consolidated net sales were 4,504 Million JPY (+8.5% from FY2017) and the operating income was 684 Million JPY (+1.7% from FY2017).

1-2 Value Cycle Business

The Value Cycle Business's Apparel Reuse Business on the purchasing side launched the official “Brandear” app for smart phones along with running television advertisements. It also increased usability by starting a small package delivery kit and running a campaign to appraise the merchandise on the day of arrival. As for purchased products, unit price and total amount purchased increased as it focused on targeting higher valued items. On the vending side, it has focused on its more profitable in-house sales channel “Brandear Auction” and released an official E-Commerce app “Brandear Market” where users can purchase items with a set price which makes the purchasing process easier for users.

The Liquor Mediation Business, Teikokushuhan Co. Ltd., was acquired by BEENOS as of 1 March 2018 (included in BEENOS consolidated records as of the end of March 2018). It has made efforts in reforming its marketing strategy, improving its gross profit margin by designating categories to focus on and reorganizing its management structure to increase profit margins. Its net sales and operating income are included starting this 3rd quarter.

Teikokushuhan Co. Ltd. has changed its company name to JOYLAB, inc. as of 1 October 2018.

As a result, the consolidated net sales were 12,424 Million JPY (+18.2% from FY2017) and the operating

income was 440 Million JPY (+0.3% from FY2017).

1-3 Retailing and Licensing Business

The Retailing and Licensing Business has increased its inventory of items on its EC site in its Entertainment Business to meet the demands of fans who want products prior to events and to those who are unable to attend event venues. Increasing the ratio of sales to the EC side has also resulted in lower costs which fortified its profit structure. It has also conducted collaboration projects with the artist it holds a master license with, and its interior goods company, SWATi inc., has made efforts in increasing its brand awareness and product lineup by investing in the development of new products and opening a new store.

As released on 1 November 2017, netprice, Ltd. shares have been transferred and has been removed from BEENOS consolidated records as of 1 December.

As a result, the consolidated net sales were 4,635 Million JPY (-8.5% from FY2017) and the operating income was 121 Million JPY (+112.5% from FY2017).

For the E-Commerce Business in FY2018, the consolidated net sales were 21,563 Million JPY (+9.3% from FY2017) and the operating income was 1,245 Million JPY (+6.5% from FY2017).

② Incubation Business

The Incubation Business has continued to invest in businesses in general online marketplaces and online payments in prominent emerging countries as well as startups in Japan focusing on the inbound consumer market.

As for current investments, we have booked 1,026 Million JPY in sales from operating investment securities in FY2018. We continue to collect the profits from current businesses that are growing while evaluating our operational investment securities on a quarterly basis and list any appraisal losses as cost of sales.

The Start-up Business sector founded BeeCruise Inc., a subsidiary specializing in the development of new businesses to serve as a catalyst for the growth of existing subsidiaries.

As a result, the consolidated net sales were 1,206 Million JPY (+23.4% from FY2017) and the operating income was 788 Million JPY (+6.8% from FY2017).

(2) Financial Status Report

① Status of Assets, Liabilities and Net Assets

(Current Assets)

The balance for current assets for FY2018 is 13,426 Million JPY (+412 Million JPY from FY2017). Increasing factors include 730 Million JPY in Products and 328 Million JPY in Operational Investment Securities. Decreasing factors include 622 Million JPY in Cash and Deposits and 162 Million JPY in Accounts Receivable.

(Fixed Assets)

The balance for fixed assets for FY2018 is 2,266 Million JPY (+531 Million JPY from FY2017). Increasing factors include 258 Million JPY in Goodwill, 177 Million JPY in Buildings and Structures and 177 Million JPY in Investment Securities. Decreasing factors include 62 Million JPY in Deferred Tax Assets.

(Current Liabilities)

The balance for current liabilities for FY2018 is 5,692 Million JPY (+436 Million JPY from FY2017). Increasing factors include 685 Million JPY in Accounts Payable and 515 Million JPY in Short-term Loans Payable. Decreasing factors include 464 Million JPY in Advances Received included in Other and 241 Million JPY in Deposits Received.

(Fixed Liabilities)

The balance for fixed liabilities for FY2018 is 210 Million JPY (-43 Million JPY from FY2017). Decreasing factors include 63 Million JPY in Long-term Loans Payable.

(Net Assets)

The balance for net assets for FY2018 is 9,791 Million JPY (+550 Million JPY from FY2017). Increasing factors include 922 Million JPY in Retained Earnings and 161 Million JPY in Non-controlling Interests. Decreasing factors include 266 Million JPY in Valuation Difference on Available-for-sale Securities and 191 Million JPY Capital Surplus.

③ Cash Flow Report

The amount of cash and cash equivalents (Funds) at the end of FY2018 is 6,175 Million JPY, a 570 Million JPY decrease from FY2017.

The status of each Cash Flow for this fiscal year are outlined below.

(Net cash provided by operating activities)

Net cash provided by operating activities for FY2018 decreased by 44 Million JPY (Increased 421 Million JPY in FY2017). Increasing factors include 1,711 Million JPY in Income before income taxes and 597 Million JPY in Increase in accounts payable-other. Decreasing factors include 598 Million JPY in Increase in notes and accounts receivable-trade, 579 Million JPY in Increase in inventories, 566 Million JPY in Increase in operational investment securities and 525 Million JPY in income taxes paid.

(Net cash provided by investment activities)

Net cash provided by investment activities for FY2018 decreased by 397 Million JPY (Decreased 206 Million JPY in FY2017). Decreasing factors include 273 Million JPY in Purchase of investments in subsidiaries resulting in change in scope of consolidation and 154 Million JPY in Property, plant and equipment.

(Net cash provided by financing activities)

Net cash provided by financing activities for FY2018 decreased by 123 Million JPY (Decreased 168 Million JPY in FY2017). Increasing factors include 463 Million JPY in Increase in short-term loans payable. Decreasing factors include 302 Million JPY in Repayment of long-term loans payable and 159 Million JPY in Cash dividends paid.

(3) Cash Flow Overview

The following chart indicates the cash flow trends of the Group.

	FY2014	FY2015	FY2016	FY2017	FY2018
Capital Ratio (%)	57.5	54.5	51.1	53.2	52.4
Market Value based Capital Ratio (%)	149.7	279.0	155.1	102.4	148.7
Years of Debt Redemption	—	0.9	0.7	2.9	—
Interest Coverage Ratio	—	114.1	198.3	35.1	—

Capital Ratio : Capital/Total Assets

Market Value based Capital Ratio : Market Cap/Total Assets

Years of Debt Redemption : Debt with Interest/Cash Flow

Interest Coverage Ratio : Operating Cash Flow/Interest Payment

- (Note) 1. All figures are calculated on a consolidated basis
 2. Market Cap excludes treasury stocks
 3. Cash flow indicates Net cash provided by operating activities
 4. All debts with interest include the interest of all debts listed on the consolidated balance sheet
 5. The years of debt redemption and interest coverage rate for FY2014 are not calculated because operating cash flow was negative

(4) Outlook for FY2018

GMV, an important management index for the size and growth of both domestic and international businesses, is forecasted at 50 Billion JPY for FY2018 (The GMV for FY2017 was 46 Billion JPY). We have set the forecast exchange rate 110 JPY/USD for the Cross-Border E-Commerce Business which produces nearly a half of the Group's entire GMV and is impacted directly by the change in foreign exchange rates.

We will forego the formation of a forecast on net sales and operating income for the following two reasons. First, we have determined that it is not logical to forecast the timing and amount of sales of operational investment securities in the Incubation Business. Second, we have plans to strongly invest in a new business but since we need to be flexible regarding the timing and amount we plan to invest, it is difficult to forecast.

(5) Basic Policy of Distribution of Profits and Dividends for FY2018 and FY2019

Returning profit to our shareholders through dividends is the most important management goal for the Company and we aim to achieve the goal by expanding and improving the foundation of the business.

According to the policy above, the annual dividend will be determined comprehensively by taking the consolidated business performance, improvement of financial conditions, the internal reserves, etc. into consideration.

Consolidated dividend regulations are applied to Beenos Inc.

2. Status of the Corporate Group

The BEENOS Group consists of 14 subsidiaries and 3 affiliates divided into two segments: the E-Commerce Business and the Incubation Business as of 30 September 2018. The E-Commerce Business is further divided into 3 divisions: Cross Border, Value Cycle and Retailing and Licensing.

Segment		Main Business(es)
E-Commerce Business	Cross Border	Overseas Forwarding “tenso.com” and Proxy Purchasing Business ”Buyee” Global shopping Business “Sekaimon”
	Value Cycle	Apparel Reuse Business “Brandear” Liquor Mediation Business “JOYLAB”
	Retailing and Licensing	Producing and Licensing Business “monosense”
Incubation Business		Investment and Consultation Business Pre-Monetized Start-up Business

(1) The E-Commerce Business

Cross Border Business

tenso, inc. offers a system that allows consumers from across the globe to purchase items on Japanese EC sites and have it shipped to them even if the EC site does not handle global shipments. Buyee also works as a payment service in addition to the service tenso has to offer.

Shop Airlines, Ltd. runs a global shopping service, “sekaimon” that links with the world’s largest online marketplace “eBay” to allow residents in Japan to purchase products from across the globe.

Shop Airlines, Ltd. and Shop Airlines JAPAN have merged as of 1 October 2018.

Value Cycle Business

Defactostandard, Ltd. operates an online CtoBtoC repurchase service for brand named fashion, watches and accessories called “Brandear”. The items Brandear purchases are then sent through maintenance and are then sold on online stores and auctions.

Teikokushuhan Co. Ltd.. operates the alcoholic beverage purchasing store, “JOYLAB,” which is a CtoBtoC service to purchase alcoholic beverages such as wine and whiskey from users and them sells them on its EC site and other domestic EC malls.

Teikokushuhan Co. Ltd. has changed its company name to JOYLAB, inc. as of 1 October 2018.

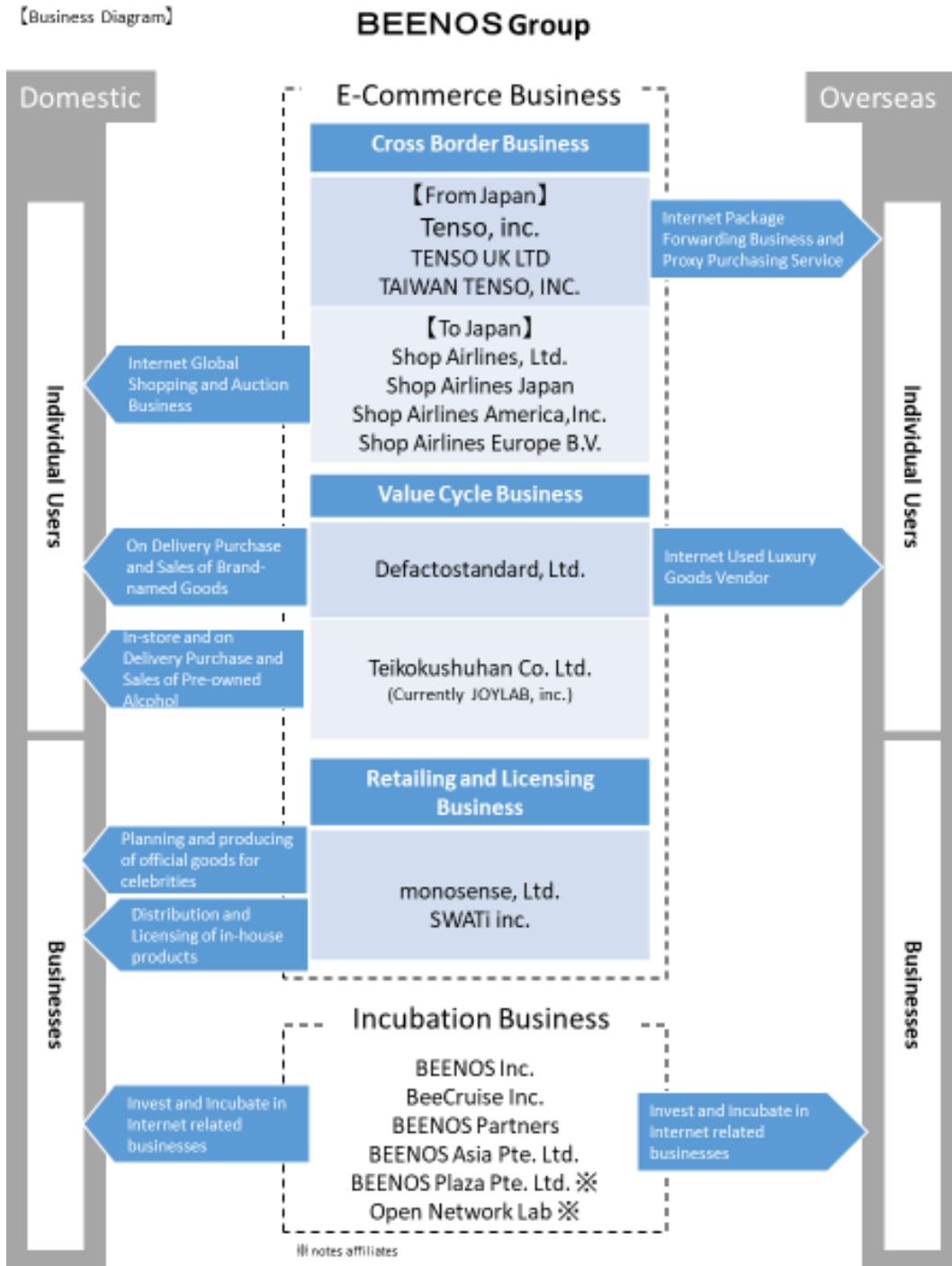
Retailing and Licensing Business

monosense, Ltd. is a product producing and licensing business that connects Japanese celebrities with product developers to create new hit products. It also operates the product sales and official websites of popular Japanese celebrities.

(2) Incubation Business

The Incubation Business mainly invests in internet related businesses in emerging countries and North America.

Below is a diagram outlining the BEENOS Group.



3. Management Policies

(1) Company Basic Management Policy

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.

(2) Target Business Indicators

Gross Merchandise Volume (GMV)

We believe that in order to be recognized as a player in the International IT company market and to be a corporate group that makes a valuable contribution, we need to become a business that has a GMV of several hundred Billion JPY. Our first step is to reach 100 Billion JPY.

(3) Mid-to-Long-Term Company Management Policy and Potential Risks

The following are our strategies to strengthen our business and become the global platform frontier. These strategies are current as of the release of this document.

① Expand the domestic trading market and develop new products

We aim to strengthen our domestic trading network, not limited to E-Commerce, to excavate new hit products and contents and to support sales and fortify our product planning and developmental power with our partners.

② Connect with the world's trading market

We aim to amplify domestic partnerships and fortify networks as well as create a system using big data that will pick up signs of upcoming trends to find new business opportunities.

③ Invest and cultivate

We aim to use our expertise to invest in companies in marketplaces and payments. As we have expanded our global network we have also expanded our investment areas to domestic inbound related companies and hope to create a synergy with our existing businesses with them.

4. Basic Policy for the Selection of Accounting Standards

We have chosen to use Japanese Accounting Standards as it is easier to compare fiscal periods and finances between companies/subsidiaries.

We will appropriately review the application of the International Financial Reporting Standards (IFRS) upon taking into consideration domestic and international situations.

5 . Financial Statements and Major Notes
 (1) Consolidated Balance Sheet

(Unit: 1,000 JPY)

	FY2017 (30 September 2017)	FY2018 (30 September 2018)
Assets Section		
Current Assets		
Cash and Deposit	6,542,131	5,920,068
Account Receivable	841,345	812,851
Operational Investment Securities	2,568,278	2,896,984
Products	1,109,251	1,840,210
Accounts Receivable	1,178,062	1,016,021
Deferred Tax Assets – Current	143,967	114,042
Other	648,000	843,394
Allowance for Cancellation Loss	△17,094	△16,779
Total Current Assets	13,013,942	13,426,795
Fixed Assets		
Tangible Assets		
Buildings and Structures	404,897	603,914
Accumulated Depreciation	△184,664	△205,702
Buildings and Structures (Net Base)	220,232	398,211
Vehicles	–	9,512
Accumulated Depreciation	–	△7,329
Vehicles (Net Base)	–	2,182
Tools, Materials and Supplies	134,432	156,576
Accumulated Depreciation	△100,754	△97,647
Tools, Materials and Supplies (Net Base)	33,677	58,929
Total Tangible Assets	253,910	459,323
Intangible Assets		
Goodwill	92,971	351,469
Software	156,995	152,841
Other	4,071	3,471
Total Intangible Assets	254,037	507,781
Investments etc.		
Investment Account Security	667,083	844,765
Deferred Tax Assets – Current	80,915	18,023
Other	479,824	437,030
Total Investments etc.	1,227,824	1,299,819
Total Fixed Assets	1,735,772	2,266,925
Total Assets	14,749,714	15,693,720

(Unit: 1,000 JPY)

	FY2017 (30 September 2017)	FY2018 (30 September 2018)
Liabilities Section		
Current Liabilities		
Account Payables	440,379	379,240
Short-term Loan	1,118,645	1,634,200
Current Portion of Long-term Debt	29,040	8,880
Accounts Payable – Other	1,654,134	2,339,416
Deposits Received	825,046	583,976
Income Taxes Payable	313,325	369,568
Deferred Tax Debts – Non current	2,266	–
Other	872,545	377,044
Total Current Liabilities	5,255,384	5,692,326
Fixed Liabilities		
Long-term Loan	82,942	19,380
Deferred Tax Debts – Non current	877	2,558
Asset Retirement Obligation	163,423	188,407
Other	6,983	–
Total Fixed Liabilities	254,227	210,345
Total Liabilities	5,509,611	5,902,672
Net Assets Section		
Capital Stock		
Capital Stock	2,775,840	2,775,840
Capital Surplus	2,892,687	2,701,215
Earned Surplus	1,966,473	2,889,400
Common Stock for Treasury	Δ53,767	Δ187,303
Total Capital Stock	7,581,233	8,179,153
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	34,689	Δ231,866
Exchange Conversion Adjustment Account	229,793	271,630
Total Accumulated Other Comprehensive Income	264,482	39,763
Equity Warrant	5,256	21,406
Minority Stockholder Equity Interest	1,389,130	1,550,724
Net Assets Section	9,240,103	9,791,048
Total Liabilities	14,749,714	15,693,720

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

Consolidated Profit & Loss Statement

(Unit: 1,000 JPY)

	FY 2017 (1 October 2016~ 30 September 2017)	FY 2018 (1 October 2017~ 30 September 2018)
Net Sales	20,711,495	22,768,203
Cost of Sales	9,525,344	10,876,993
Gross Sales	11,186,150	11,891,209
Selling, General and Administrative Expenses	9,678,903	10,357,700
Operating Income	1,507,247	1,533,508
Non-operating Income		
Interest Income	140	329
Foreign Exchange Gains	—	13,416
Equity in Earnings of Affiliates	26,935	69,077
Investment Partnership Gains	73,646	139,044
Subsidy Income	—	26,445
Other	17,230	15,583
Total Non-Operating Income	117,953	263,897
Non-operating Expenses		
Interest Expenses	12,018	15,228
Exchange Loss	57,333	21,899
Commission Fee	—	24,378
Other	3,239	7,146
Total Non-Operating Expenses	72,591	68,653
Ordinary Income	1,552,609	1,728,753
Extraordinary Income		
Gain on Sales of Subsidiaries and Affiliates	—	24,187
Total Extraordinary Income	—	24,187
Extraordinary Losses		
Impairment Loss	—	41,558
Total Extraordinary Losses	—	41,558
Annual Income Before Income Taxes	1,552,609	1,711,381
Income Taxes – Current	440,389	570,712
Income Taxes – Deferred	△29,000	92,857
Total Income Taxes	411,389	663,570
Annual Net Income	1,141,220	1,047,811
Profit Attributable to Non-Controlling Interests	129,801	124,884
Profit Attributable to Owners of Parent	1,011,418	922,927

Consolidated Statement of Comprehensive Income

(Unit: 1,000 JPY)

	FY 2017 (1 October 2016~ 30 September 2017)	FY 2018 (1 October 2017~ 30 September 2018)
Net Income	1,141,220	1,047,811
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	77,193	Δ266,220
Foreign Currency Translation Adjustment	197,134	39,482
Re-measurements of Defined Benefit Plans, Net of Tax	10,251	2,018
Share of Other Comprehensive Income of Entities Accounted for Using Equity Method	284,579	Δ224,719
Quarterly Comprehensive Income	1,425,800	823,092
(Breakdown)		
Comprehensible Income Attributable to Owners of the Parent	1,295,998	698,207
Comprehensible Income Attributable to Non- controlling Interests	129,801	124,884

(3) Statement of Changes in Net Assets

For FY2017 (1 October 2016 to 30 September 2017)

(Unit : 1,000 JPY)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity Total
Balance at the Beginning	2,725,977	3,129,121	955,054	Δ94,498	6,715,654
Changes during Period					
Dividends from Surplus	49,863	49,863			99,726
Profit Attributable to Owners of Parent		Δ220,070			Δ220,070
Purchase of Treasury Stock			1,011,418		1,011,418
Disposal of Treasury Stock		Δ15,363		40,731	25,367
Capital Increase of Consolidated Subsidiaries		Δ50,861			Δ50,861
Net Changes of Items other than Shareholders' Equity					-
Total Changes	49,863	Δ236,433	1,011,418	40,731	865,578
Balance at the End	2,775,840	2,892,687	1,966,473	Δ53,767	7,581,233

	Total Accumulated Other Comprehensive Income			Subscription Rights to Shares	Non-Controlling Interest Valuation Difference on Available-for-sale Securities	Total Net Assets Foreign Currency Translation Adjustment
	Valuation Difference on Available-for-sale Securities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income			
Balance at the Beginning	Δ42,932	22,834	Δ20,097	14,235	1,315,815	8,025,608
Changes during Period						
Dividends from Surplus						99,726
Profit Attributable to Owners of Parent						Δ220,070
Purchase of Treasury Stock						1,011,418
Disposal of Treasury Stock						25,367
Capital Increase of Consolidated Subsidiaries						Δ50,861
Net Changes of Items other than Shareholders' Equity	77,621	206,958	284,579	Δ8,978	73,314	348,916
Total Changes	77,621	206,958	284,579	Δ8,978	73,314	1,214,495
Balance at the End	34,689	229,793	264,482	5,256	1,389,130	9,240,103

For FY2018 (1 October 2017 to 30 September 2018)

(Unit : 1,000 JPY)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity Total
Balance at the Beginning	2,775,840	2,892,687	1,966,473	Δ53,767	7,581,233
Changes during Period					
Dividends from Surplus		Δ159,833			Δ159,833
Profit Attributable to Owners of Parent			922,927		922,927
Purchase of Treasury Stock				Δ145,370	Δ145,370
Disposal of Treasury Stock		Δ5,918		11,835	5,916
Capital Increase of Consolidated Subsidiaries		Δ25,719			Δ25,719
Net Changes of Items other than Shareholders' Equity					-
Total Changes	-	Δ191,471	922,927	Δ133,535	597,919
Balance at the End	2,775,840	2,701,215	2,889,400	Δ187,303	8,179,153

	Total Accumulated Other Comprehensive Income			Subscription Rights to Shares	Non-Controlling Interest Valuation Difference on Available-for-sale Securities	Total Net Assets Foreign Currency Translation Adjustment
	Valuation Difference on Available-for-sale Securities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income			
Balance at the Beginning	34,689	229,793	264,482	5,256	1,389,130	9,240,103
Changes during Period						
Dividends from Surplus						Δ159,833
Profit Attributable to Owners of Parent						922,927
Purchase of Treasury Stock						Δ145,370
Disposal of Treasury Stock						5,916
Capital Increase of Consolidated Subsidiaries						Δ25,719
Net Changes of Items other than Shareholders' Equity	Δ266,555	41,836	Δ224,719	16,149	161,594	Δ46,975
Total Changes	Δ266,555	41,836	Δ224,719	16,149	161,594	550,944
Balance at the End	Δ231,866	271,630	39,763	21,406	1,550,724	9,791,048

(4) Consolidated Statements of Cash Flows

(Unit : 1,000 JPY)

	FY 2017 (1 October 2016 ~ 30 September 2017)	FY 2018 (1 October 2017 ~ 30 September 2018)
Net cash provided by operating activities		
Income before income taxes	1,552,609	1,711,381
Depreciation and amortization	78,758	84,557
Impairment Loss	—	41,558
Amortization of goodwill	29,724	69,677
Stock-based Compensation Expense	23,482	45,967
Increase in allowance for doubtful accounts (Decrease:Δ)	Δ3,134	Δ1,524
Interest and dividends income	Δ140	Δ13,745
Interest Expenses Paid	12,018	15,228
Foreign exchange losses (Gains:Δ)	38,656	1,637
Equity in losses of affiliates (Gains:Δ)	Δ26,935	Δ69,077
Loss on investments in partnership (Gains:Δ)	Δ73,646	Δ139,044
Decrease in notes and accounts receivable-trade (Increase:Δ)	498,774	Δ598,739
Decrease in notes and accounts receivable-trade (Increase:Δ)	Δ773,866	Δ566,715
Decrease in inventories (Increase:Δ)	81,718	Δ579,138
Increase in notes and accounts payable-trade (Decrease:Δ)	43,294	150,912
Decrease in sales of stocks of subsidiaries and affiliates(Increase: Δ)	—	Δ24,187
Increase in accounts payable-other (Decrease:Δ)	Δ854,533	597,231
Increase in deposits received (Decrease:Δ)	532,114	Δ240,680
Increase in consumption taxes payable (Decrease:Δ)	Δ37,764	Δ46,193
Other	Δ319,840	42,497
Subtotal	801,289	481,600
Interest and dividends income received	112	13,707
Interest expenses paid	Δ12,009	Δ15,391
Income taxes refund	10,156	783
Income taxes paid	Δ378,516	Δ525,484
Net cash provided by operating activities	421,032	Δ44,784
Net cash provided by investment activities		
Purchase of property, plant and equipment	Δ81,868	Δ154,620
Purchase of intangible assets	Δ61,669	Δ38,012
Purchase of investment securities	Δ226,001	Δ120,571
Proceeds from withdrawal of time deposits	—	23,252
Payments for lease and guarantee deposits	Δ29,186	Δ17,756
Collection of lease and guarantee deposits	14,341	—
Proceeds from share of profits on investments in partnership	191,748	152,668
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	Δ273,851
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	16,487	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	31,294
Payments of Loans Receivable	Δ31,208	—
Other	930	394
Net cash provided by investment activities	Δ206,426	Δ397,202

(Unit : 1,000 JPY)

	FY 2017 (1 October 2016 ~ 30 September 2017)	FY 2018 (1 October 2017 ~ 30 September 2018)
Net cash provided by financing activities		
Increase in short-term loans payable (Decrease:Δ)	165,000	463,890
Repayment of long-term loans payable	Δ24,055	Δ302,053
Proceeds from exercise of stock option	16,846	4,206
Repayment of Lease Obligations	Δ2,242	Δ382
Purchase of treasury stock	—	Δ145,370
Proceeds from disposal of treasury stock in subsidiaries	Δ116,088	Δ96
Proceeds from issuance of subscription rights to shares	—	5,280
Cash dividends paid	Δ216,855	Δ159,609
Proceeds from stock issuance to Non-controlling Interests	8,740	11,086
Net cash provided by financing activities	Δ168,655	Δ123,049
Effect of exchange rate change on cash and cash equivalents	79,943	Δ5,156
Net increase in cash and cash equivalents(Decrease:Δ)	125,894	Δ570,192
Cash and cash equivalents at the beginning of the year	6,619,733	6,745,628
Cash and cash equivalents	6,745,628	6,175,435

(5) Notes on Consolidated Financial Statements
(Notes regarding the premise of on-going concerns)
Not Applicable

(Notes regarding changes in accounting policies)

“Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions” (PITF No.36, 12 January 2018. Hereinafter referred to as “PITF No.36) is applied from 1 April 2018 and the accounting processes in compliance with “Accounting Standard for Share-based Payment” (ASBJ Statement No.8, 27 December 2015) are implemented on transactions granting employees and others stock acquisition rights.

Provided, however, PITF No.36 is applied in accordance with the transitional treatment stipulated in PITF No.36 10(3) and the former accounting processes are applied continuously for transactions granting employees and others stock acquisition rights that were implemented before the commencement of PITF No. 36.

(Additional Information)
None

(Segment Information)

1. Overview of Reportable Segments

Selection of Reportable Segment

The Company's reportable segments are possible to separately acquire financial information among the Company's structural units and are subject to reviews that are carried out periodically to make a decision of allocations of management resources and to evaluate performance by the board of directors.

The Company consists of segments classified by each business territory and E-Commerce Business and Incubation Business are the two reportable segments.

Services provided by each segment are as follows:

	Segment	Main Business(es)
E-Commerce	Cross-Border	Overseas Forwarding "tenso.com" and Proxy Purchasing Business "Buyee" Global shopping Business "Sekaimon"
	Value Cycle	Apparel Reuse Business "Brandear" Liquor Mediation Business "JOYLAB"
	Retailing and Licensing	Producing and Licensing Business "monosense"
Incubation		Investment and Consultation Business Pre-Monetized Start-up Business

2. Calculations Method of Each Segment's Net Sales, Profit/Loss, Assets, Liabilities and Other Values

Accounting method of each reportable segment is in accordance with the method mentioned in "Important Elements for Preparing Consolidated Financial Results".

Profit of reportable segments are based on the operating income.

Inter-segment profit and transfer is based on the market price.

3. Information regarding sales, profit or loss, assets, liabilities and other information by reporting segment
FY2017 (1 October 2016 ~ 30 September 2017)

(Unit : 1,000JPY)

	Reporting Segment						Adjustments *1, 3	Recorded Amount on Consolidated Profit & Loss Statement *2
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Net Sales								
Sales to Customers	4,153,108	10,514,280	5,066,306	19,733,695	977,799	20,711,495	—	20,711,495
Internal Sales or Transfers Between Segments	—	—	923	923	—	923	△923	—
Total	4,153,108	10,514,280	5,067,230	19,734,619	977,799	20,712,419	△923	20,711,495
Segment Earnings	673,320	439,034	56,984	1,169,339	737,822	1,907,161	△399,914	1,507,247
Segment Assets	2,989,409	4,058,978	2,847,046	9,895,433	3,029,015	12,924,449	1,825,265	14,749,714
Segment Liabilities	1,701,450	744,723	2,435,354	4,881,528	111,872	4,993,401	516,210	5,509,611
Other Items								
Depreciation	26,218	28,421	19,322	73,961	—	73,961	4,796	78,758
Amortization of Goodwill	20,133	—	9,590	29,724	—	29,724	—	29,724
Investment amount by equity method	—	—	—	—	93,577	93,577	54,364	147,941
Change in amount of current and non-current assets	35,397	92,378	23,575	151,352	—	151,352	13,425	164,777

* 1. The segment earnings adjustment of △399 Million JPY includes the deletion of inter-segment transactions of △410 Million JPY, company-wide revenue of 693 Million JPY, that is not distributed to each reporting segment and company-wide costs of △683 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

3. The Adjustment of Segment Assets of 1,825 Million JPY include corporate-wide assets of 2,896 Million JPY and elimination of transactions between segments of △1,078 Million JPY that are not distributed among the segments. The main portion of corporate-wide assets include cash held by the holding company and long-term investment funds (investment securities).

FY2018 (1 October 2017 ~ 30 September 2018)

(Unit : 1,000JPY)

	Reporting Segment						Adjustments *1, 3	Recorded Amount on Consolidated Profit & Loss Statement *2
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Net Sales								
Sales to Customers	4,503,058	12,424,329	4,633,792	21,561,180	1,206,337	22,767,517	685	22,768,203
Internal Sales or Transfers Between Segments	1,044	—	1,722	2,766	—	2,766	Δ2,766	—
Total	4,504,103	12,424,329	4,635,514	21,563,947	1,206,337	22,770,284	Δ2,081	22,768,203
Segment Earnings	684,519	440,130	121,115	1,245,764	788,257	2,034,022	Δ500,513	1,533,508
Segment Assets	3,354,721	5,163,005	2,035,145	10,552,872	3,410,931	13,963,804	1,729,916	15,693,720
Segment Liabilities	1,713,204	1,139,602	1,688,241	4,541,049	176,263	4,717,312	1,185,359	5,902,672
Other Items								
Depreciation	34,522	39,113	5,794	79,430	460	79,890	4,667	84,557
Amortization of Goodwill	19,917	36,973	12,787	69,677	—	69,677	—	69,677
Investment amount by equity method	—	—	—	—	141,789	141,789	77,237	219,026
Change in amount of current and non-current assets	23,954	174,791	2,410	201,156	1,438	202,594	107,056	309,651

* 1 . The segment earnings adjustment of Δ500 Million JPY includes the deletion of inter-segment transactions of Δ166 Million JPY, company-wide revenue of 448 Million JPY, that is not distributed to each reporting segment and company-wide costs of Δ781 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

3 . The Adjustment of Segment Assets of 1,729 Million JPY include corporate-wide assets of 2,805 Million JPY and elimination of transactions between segments of Δ1,117 Million JPY that are not distributed among the segments. The main portion of corporate-wide assets include cash held by the holding company and long-term investment funds (investment securities).

(Information on losses on noncurrent assets by segment)

FY2017 (1 October 2016 ~ 30 September 2017)

Not Applicable

FY2018 (1 October 2017 ~ 30 September 2018)

(Unit : 1,000 JPY)

	Reporting Segment						Adjustments	Total
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Impairment Loss	—	—	41,558	41,558	—	—	—	41,558

(Information regarding amortization of goodwill and undepreciated balance by reporting segment)

FY2017 (1 October 2016 ~ 30 September 2017)

(Unit : 1,000 JPY)

	Reporting Segment						Adjustments	Total
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Amortization	20,133	—	9,590	29,724	—	29,724	—	29,724
Undepreciated Balance	38,625	—	54,346	92,971	—	92,971	—	92,971

FY2018 (1 October 2017 ~ 30 September 2018)

(Unit : 1,000 JPY)

	Reporting Segment						Adjustments	Total
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Amortization	19,917	36,973	12,787	69,677	—	69,677	—	69,677
Undepreciated Balance	18,708	332,761	—	351,469	—	351,469	—	351,469

(Information regarding negative goodwill by reporting segment)

Not Applicable

(Information per share)

FY 2017 (1 October 2016 ~ 30 September 2017)		FY 2018 (1 October 2017 ~ 30 September 2018)	
Net assets per share	638.13 JPY	Net assets per share	673.52 JPY
Net income per share	82.44 JPY	Net income per share	75.57 JPY
Diluted net income per share	82.38 JPY	Diluted net income per share	—

(Note) 1. The basic calculation of net assets per share is as follows

Item	FY 2017 (30 September 2017)	FY 2018 (30 September 2018)
Total net assets (1,000JPY)	9,240,103	9,791,048
Amount deducted from net assets (1,000JPY)	1,394,387	1,572,131
(Non-controlling interests (1,000JPY))	(1,389,130)	(1,550,724)
(Subscription rights to shares (1,000JPY))	(5,256)	(21,406)
Net assets of the year-end in accordance with common stock (1,000JPY)	7,845,715	8,218,916
Outstanding shares of common stock (Shares)	12,332,600	12,332,600
Treasury shares of common stock (Shares)	37,718	129,678
Number of common shares used in the calculation of net assets per share (Shares)	12,294,882	12,202,922

(Note) 2. The basic calculation of net income per share and diluted net income per share are as follows

Item	FY 2017 (1 October 2016 ~ 30 September 2017)	FY 2018 (1 October 2017 ~ 30 September 2018)
Net income per share		
Comprehensive income attributable to owners of parent (1,000JPY)	1,011,418	922,927
Profit not attributable to owners of parent (1,000JPY)	—	—
Net income attributable to parent company shareholders of common stock (1,000JPY)	1,011,418	922,927
Average number of shares outstanding during the fiscal year (Shares)	12,268,493	12,212,206
Diluted net income per share		
Adjusted profit attributable to owners of parent (1,000JPY)	—	—
Number of increased common shares (Shares)	9,694	—
(Of which are share warrants (Shares))	(9,694)	(—)
As there was no dilutive effect, it is a summary of the diluted shares that were not calculated among the net income	9 th Paid Stock Option (Equity Warrant) 3,325 units	9 th Paid Stock Option (Equity Warrant) 3,325 units 10 th Paid Stock Option (Equity Warrant) 6,600 units 11 th Free Stock Option (Equity Warrant) 640 units

(Important Subsequent Events)

Not Applicable