

## Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter Ended 31 December 2018

4 February 2019

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	14FEB2019	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 2018 (1 October 2018 – 31 December 2018)

(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 FY2019	5,309	△1.1	△314	—	△288	—	△200	—
1Q FY2018	5,365	8.0	94	7.3	137	78.7	37	—

(Note) Comprehensive Income  
1Q FY2019 △313Mil. yen ( —%) 1Q FY2018 70Mil. yen ( △70.2%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
1Q FY2019	△16.46	—
1Q FY2018	3.05	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q FY2019	16,253	9,188	47.4	635.10
FY2018	15,691	9,791	52.4	673.52

(Reference) Shareholders' equity  
1Q FY2018 7,699 Million yen FY2018 8,218 Million yen

### 2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	—	0.00	—	13.00	13.00
FY2019	—				
FY2019(Forecast)		0.00	—	13.00	13.00

(Note) Revisions to dividend forecasts published most recently: None

(Note) 1. The dividend resources for FY2018 include capital surplus. See the “Breakdown of the Dividend for Capital Surplus as Dividend Resources” section listed hereafter

### 3. Consolidated Forecast for the Fiscal Year Ending 30 September 2019 (1OCT2018 – 30SEP2019)

No forecasts have been made for the consolidated FY2019. For more information, please refer to “1. Qualitative Information for this Quarter’s Results (3) Outlook for FY2019” on page 7.

※ Notes

(1) Changes of important subsidiaries during period : None

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

(2)

(3) 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

(4) Number of shares outstanding (common shares)

① Number of shares outstanding at the end of period (including treasury shares)	1Q FY2019	12,332,600 shares	FY2018	12,332,600 shares
② Number of treasury shares at end of period	1Q FY2019	209,078 Shares	FY2018	129,678 shares
③ Average number of shares outstanding during the term	1Q FY2019	12,185,672 shares	FY2018	12,239,627 shares

※ Status of a quarterly review

This financial summary does not need to undergo auditing.

※ 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 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) Outlook for FY2018 .....	7
2. Items regarding Summary Information (Annotations).....	8
(1) Additional Information .....	8
3. Quarterly Financial Statements and Major Notes.....	9
(1) Quarterly Consolidated Balance Sheet.....	9
(2) Quarterly Consolidated Profit & Loss Statement and Quarterly Consolidated Statement of Comprehensive Income.....	11
(3) Notes on Consolidated Financial Statement.....	13
(Notes regarding the premise of on-going concerns) .....	13
(Notes regarding any significant fluctuation of the price of capital stock) .....	13
(Segment Information) .....	14

## 1. Qualitative Information for this Fiscal Year's Results

### (1) Business Performance Report

The BEENOS Group aims to be on the “Global Platform Frontier” to connect Japan with the world. We are using the “Data Expertise” of the E-Commerce Business and the “Global Networking” of the Incubation Business to construct new global markets. Our focus this year is to expand our current businesses and discover new business opportunities within the following topics: “Vertical Architecture” (creating specialized shopping websites based on categories tailored to the customers' needs) and “the official implementation of Product Arbitrage” (offering the information of the lowest available price of a product throughout the world).

As a result, the 1<sup>st</sup> quarter consolidated net sales were 5,309 Million JPY (-1.1% from 1Q FY2018), the operating loss was 314 Million JPY (operating income for 1Q FY2018 was 94 Million JPY), the ordinary loss was 288 Million JPY (ordinary income for 1Q FY2018 was 137 Million JPY) and the net loss attributable to owners of the parent company was 200 Million JPY (net profit attributable to owners of the parent company was 37 Million JPY).

The consolidated GMV for the 1<sup>st</sup> quarter was 11.6 Billion JPY (forecast for FY2019 is 50 Billion JPY).

The achievements of each business segment are as follows.

#### ① E-Commerce Business

##### 1-1 Cross Border Business

The Overseas Forwarding and Proxy Purchasing Business (From Japan) has created a new hub for customer support to handle English support and to improve the speed and quality. The measures to increase user satisfaction has led to an increase in net sales. Furthermore, we have made some investments to install a system to improve operation streamline and to reduce costs.

The Global Shopping Business (To Japan) has collaborated data with Yahoo! Auction, operated by Yahoo Japan Corporation, to expand its sales channels. It has also replaced its existing fundamental system to increase usability. The ensuing switch in the search engine's algorithm has affected its SEO which led to a decrease in users and net sales. The system replacement also led to a temporary increase in costs to record losses this quarter.

As a result, the consolidated net sales were 1,163 Million JPY (+4.0% from 1Q FY2018) and the operating income was 93 Million JPY (-46.2% from 1Q FY2018).

##### 1-2 Value Cycle Business

The Apparel Reuse Business's purchasing total rose 31.0% from 1Q FY2018 due to television commercials promoting its bulk selling and speed cashing services. As we our focusing on a shift toward fortifying our in-house sales channel, Brandear Auction, we have also created new television commercials to promote it as well. Net sales increased but gross profit margin decreased due to the unit price of products increasing. The increase in advertisement expenses led to losses this quarter.

The Liquor Mediation Business started purchasing items at events in businesses and housing complexes in addition to the standard in-store purchase. It also fortified its inventory management infrastructure to increase the turnover rate of inventory.

As a result, the consolidated net sales were 3,353 Million JPY (+22.4% from 1Q FY2018) and the operating loss was 229 Million JPY (operating income for 1Q FY2018 was 22 Million JPY).

##### 1-3 Retailing and Licensing Business

The Entertainment Business started handling the merchandise for new artists. The Producing and Licensing Business maintained its strong sales of the Pokemon Gift Cosme Series (Face masks, lip balm and lip gloss). Fragrance and Body Care Brand SWATi renewed its current products and developed new products to fortify its brand power and product lineup to revamp its brand image.

As a result, the consolidated net sales were 781 Million JPY (-47.3% from 1Q FY2018) and the operating income was 9 Million JPY (-80.2% from 1Q FY2018).

The reason net sales decreased significantly year on year is because the Entertainment Business is extremely volatile since it depends heavily on the events held by its artists (which multiple events converged in 1Q FY2018). Furthermore, netprice, Ltd. was included in our consolidated report last year as well.

For the E-Commerce Business in 1Q FY2018, the consolidated net sales were 5,297 Million JPY (-0.8% from 1Q FY2018) and the operating loss was 126 Million JPY (operating income for 1Q FY2018 was 245 Million JPY).

## ② Incubation Business

The Investment and Consultation Business has continued to invest in businesses in general online marketplaces and online payments in prominent emerging countries, primarily focused in India, as well as startups in Japan focusing on the inbound consumer market.

As for current investments, we are collecting the profits from those businesses that are growing, but no large sales were recorded in 1Q. We evaluate our operational investment securities on a quarterly basis and list any appraisal losses as cost of sales.

The Start-up Business is using our expertise in E-Commerce that we have developed with the network of companies that we have invested in to create new business opportunities in “Vertical Architecture” and “Product Arbitrage”

As a result, the consolidated net sales were 14 Million JPY (-39.4% from 1Q FY2018) and the operating loss was 87 Million JPY (the Operating Loss for 1Q FY2018 was 45 Million JPY).

## (2) Financial Status Report

### ① Financial Status Analysis

#### (i) Assets

The total assets for the 1<sup>st</sup> quarter consolidated accounting period was 16,253 Million JPY which is an increase of 562 Million JPY from the previous end of the consolidated fiscal year.

The breakdown of the funds is the following: Total current assets are at 13,884 Million JPY which is a 571 Million JPY increase from the end of FY2018. Increasing factors include 762 Million JPY in Accounts Receivable, 495 Million JPY in Products, 229 Million JPY in Notes Receivable-trade and 206 Million JPY in Operational Investment Securities. Decreasing factors include 1,407 Million JPY in Cash and Deposits.

Furthermore, the total fixed assets dropped to 2,368 Million JPY which is a 9 Million JPY decrease from the previous end of the consolidated fiscal year. The main factors were an increase of 31 Million JPY in Deferred tax assets and a decrease of 23 Million JPY in Goodwill and 15 Million JPY in Investment securities.

#### (ii) Liabilities

The total liabilities for the 1<sup>st</sup> quarter consolidated accounting period was 7,064 Million JPY which is an increase of 1,164 Million JPY from the previous end of the consolidated fiscal year.

The breakdown of the funds is the following: Total current liabilities are at 6,858 Million JPY which is a 1,165 Million JPY increase from the previous end of the consolidated fiscal year. Increasing factors include 1,029 Million JPY in Deposits Received and 539 Million JPY in Short-term Loans Payable. Decreasing factors include 348 Million JPY in Income Taxes Payable and 78 Million JPY in Notes and Accounts Payable-trade.

Furthermore, the total fixed liabilities dropped to 206 Million JPY which is a 1 Million JPY decrease from the previous end of the consolidated fiscal year. The main factor was a 2 Million JPY decrease in Long-term Loans.

#### (iii) Net Assets

The total liabilities for the 1<sup>st</sup> quarter consolidated accounting period was 9,188 Million JPY which is a decrease of 602 Million JPY from the previous end of the consolidated fiscal year. Decreasing factors include 200 Million JPY in Retained Earnings, 158 Million JPY in Capital Surplus and 117 Million JPY in the Purchase of Treasury Stock.

## (3) Outlook for FY2019

We are foregoing the disclosure of a forecast for FY2019 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. Furthermore, we have plans to strongly invest in our new business but since we need to be flexible regarding the timing and amount we plan to invest, it is difficult to forecast.

## 2. Items regarding Summary Information (Annotations)

### (1) Additional Information

(Application of “Partial Changes in ‘the Accounting Standards for Tax Effect Accounting”)

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 this fiscal year. Deferred Tax Assets is listed in Investments – Other Assets and Deferred Tax Liability is listed in Fixed Liability.



### 3. Quarterly Financial Statements and Major Notes

#### (1) Quarterly Consolidated Balance Sheet

(Unit : 1,000 JPY)

	Year-end FY2018 (30 September 2018)	1Q FY2019 (31 December 2018)
<b>Assets Section</b>		
<b>Current Assets</b>		
Cash and Deposit	5,920,068	4,513,043
Account Receivable	812,851	1,042,223
Operational Investment Securities	2,896,984	3,103,308
Products	1,840,210	2,336,125
Accounts Receivable	1,016,021	1,778,538
Other	843,394	1,125,728
Allowance for Cancellation Loss	△16,779	△14,490
<b>Total Current Assets</b>	<b>13,312,752</b>	<b>13,884,476</b>
<b>Fixed Assets</b>		
<b>Tangible Assets</b>		
Buildings and Structures	603,914	593,081
Accumulated Depreciation	△205,702	△218,324
<b>Buildings and Structures (Net Base)</b>	<b>398,211</b>	<b>374,757</b>
Vehicles	9,512	9,409
Accumulated Depreciation	△7,329	△7,539
<b>Vehicles (Net Base)</b>	<b>2,182</b>	<b>1,869</b>
Tools, Materials and Supplies	156,576	173,360
Accumulated Depreciation	△97,647	△102,872
<b>Tools, Materials and Supplies (Net Base)</b>	<b>58,929</b>	<b>70,487</b>
<b>Total Tangible Assets</b>	<b>459,323</b>	<b>447,114</b>
<b>Intangible Assets</b>		
Goodwill	351,469	328,127
Other	156,312	161,098
<b>Total Intangible Assets</b>	<b>507,781</b>	<b>489,225</b>
<b>Investments etc.</b>		
Investment Account Security	844,765	828,997
Deferred Tax Assets – Current	129,508	161,035
Other	437,030	442,529
<b>Total Investments etc.</b>	<b>1,411,304</b>	<b>1,432,562</b>
<b>Total Fixed Assets</b>	<b>2,378,409</b>	<b>2,368,903</b>
<b>Total Assets</b>	<b>15,691,162</b>	<b>16,253,380</b>

(Unit : 1,000 JPY)

	Year-end FY2018 (30 September 2018)	1Q FY2019 (31 December 2018)
<b>Liabilities Section</b>		
<b>Current Liabilities</b>		
Account Payables	379,240	301,174
Short-term Loan	1,634,200	2,173,900
Current Portion of Long-term Debt	8,880	8,880
Accounts Payable – Other	2,339,416	2,394,709
Deposits Received	583,976	1,613,785
Income Taxes Payable	369,568	21,481
Other	377,044	344,222
<b>Total Current Liabilities</b>	<b>5,692,326</b>	<b>6,858,153</b>
<b>Fixed Liabilities</b>		
Long-term Loan	19,380	17,160
Deferred Tax Debts – Non current	—	398
Asset Retirement Obligation	188,407	188,804
<b>Total Fixed Liabilities</b>	<b>207,787</b>	<b>206,362</b>
<b>Total Liabilities</b>	<b>5,900,114</b>	<b>7,064,515</b>
<b>Net Assets Section</b>		
<b>Capital Stock</b>		
Capital Stock	2,775,840	2,775,840
Capital Surplus	2,701,215	2,542,577
Earned Surplus	2,889,400	2,688,778
Common Stock for Treasury	△187,303	△304,353
<b>Total Capital Stock</b>	<b>8,179,153</b>	<b>7,702,843</b>
<b>Accumulated Other Comprehensive Income</b>		
Valuation Difference on Available-for-sale Securities	△231,866	△182,435
Exchange Conversion Adjustment Account	271,630	179,232
<b>Total Accumulated Other Comprehensive Income</b>	<b>39,763</b>	<b>△3,203</b>
Equity Warrant	21,406	27,769
Minority Stockholder Equity Interest	1,550,724	1,461,455
<b>Net Assets Section</b>	<b>9,791,048</b>	<b>9,188,864</b>
<b>Total Liabilities</b>	<b>15,691,162</b>	<b>16,253,380</b>

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

Quarterly Consolidated Profit & Loss Statement  
Consolidated Cumulative 1<sup>st</sup> Quarter

(Unit : 1,000 JPY)

	1Q FY2018 (1 October 2017 – 31 December 2017)	1Q FY2019 (1 October 2018 – 31 December 2018)
Net Sales	5,365,542	5,309,337
Cost of Sales	2,510,226	2,793,368
Gross Sales	2,855,315	2,515,969
Selling, General and Administrative Expenses	2,760,744	2,830,150
Operating Income (△ Losses)	94,570	△314,181
Non-operating Income		
Interest Income	9	28
Exchange Gain	—	3,907
Equity in Earnings of Affiliates	22,743	19,936
Subsidy Income	—	2,621
Gains on investments in partnership	36,933	—
Other	4,644	8,907
Total Non-Operating Income	64,331	35,401
Non-operating Expenses		
Interest Expenses	3,182	3,456
Exchange Loss	18,487	—
Commission Fee	—	819
Loss on investments in partnership	—	5,308
Other	51	270
Total Non-Operating Expenses	21,721	9,854
Ordinary Income(△ Losses)	137,181	△288,634
Extraordinary Income		
Gain on Sales of Shares of Subsidiary	24,187	—
Total Extraordinary Income	24,187	—
Quarterly Income Before Income Taxes (△ Losses)	161,368	△288,634
Income Taxes - Current	23,113	7,222
Income Taxes - Deferred	93,977	△25,515
Total Income Taxes	117,090	△18,292
Quarterly Net Income (△ Losses)	44,277	△270,341
Quarterly Profit Attributable to Non-Controlling Interests (△ Losses)	6,887	△69,719
Quarterly Profit Attributable to Owners of Parent (△ Losses)	37,390	△200,621

Quarterly Consolidated Statement of Comprehensive Income  
Consolidated Cumulative 1<sup>st</sup> Quarter

(Unit : 1,000 JPY)

	1Q FY2018 (1 October 2017 – 31 December 2017)	1Q FY2019 (1 October 2018 – 31 December 2018)
Quarterly Net Income	44,277	Δ270,341
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	7,080	49,341
Foreign Currency Translation Adjustment	18,726	Δ87,248
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	144	Δ5,059
Total Comprehensive Income	25,952	Δ42,966
Quarterly Comprehensive Income	70,229	Δ313,308
(Breakdown)		
Quarterly Comprehensible Income Attributable to Owners of the Parent	63,342	Δ243,588
Quarterly Comprehensible Income Attributable to Non-controlling Interests	6,887	Δ69,719

(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 1<sup>st</sup> Quarter (1 October 2017 – 31 December 2017)

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		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Net Sales								
Sales to Customers	1,118,810	2,739,308	1,482,598	5,340,717	24,701	5,365,418	123	5,365,542
Internal Sales or Transfers Between Segments	169	—	508	678	—	678	△678	—
Total	1,118,980	2,739,308	1,483,106	5,341,395	24,701	5,366,096	△554	5,365,542
Segment Earnings	174,459	22,750	48,478	245,688	△45,759	199,929	△105,358	94,570

(Notes) 1. The segment earnings or loss adjustment of △105 Million JPY includes the deletion of inter-segment transactions of △176 Million JPY, company-wide revenue of 241 Million JPY, that is not distributed to each reporting segment, and company-wide cost of △169 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 Earnings are adjusted in the operating income of the Consolidated Profit& Loss Statement.

II Current Consolidated Cumulative 1<sup>st</sup> Quarter (1 October 2018 – 31 December 2018)

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	合Total計		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Net Sales								
Sales to Customers	1,160,567	3,353,146	780,643	5,294,357	14,980	5,309,337	—	5,309,337
Internal Sales or Transfers Between Segments	2,797	—	647	3,445	—	3,445	△3,445	—
Total	1,163,365	3,353,146	781,290	5,297,802	14,980	5,312,783	△3,445	5,309,337
Segment Earnings	93,949	△229,923	9,578	△126,396	△87,125	△213,521	△100,659	△314,181

(Notes) 1. The segment earnings or loss adjustment of △100 Million JPY includes the deletion of inter-segment transactions of △391 Million JPY, company-wide revenue of 482 Million JPY, that is not distributed to each reporting segment, and company-wide cost of △191 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 Losses are adjusted in the operating income of the Consolidated Profit& Loss Statement.