

Consolidated Financial Results (Japanese Accounting Standards) for the Second Quarter Ended 31 March 2019

25 April 2019

Company Name	BEENOS Inc.	Stock Exchange Listing	Tokyo
Stock Code	3328	URL	http://www.beenos.com
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Contact	Executive Officer	Hisanori Matsuda (TEL) 03-5739-3350	
Scheduled filing date of the Annual Securities Report	14MAY2019	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 Second Quarter Ended 31 March 2019 (1 October 2018 – 31 March 2019)

(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	%
2Q FY2019	11,690	10.2	Δ18	—	0	Δ99.9	Δ69	—
2Q FY2018	10,611	5.9	618	55.0	755	66.8	372	256.9

(Note) Comprehensive Income
2Q FY2019 Δ210 Mil. yen (—%) 2Q FY2018 305 Mil. yen (Δ27.8%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
2Q FY2019	Δ5.71	—
2Q FY2018	30.45	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2Q FY2019	17,257	9,127	44.0	632.68
FY2018	15,691	9,791	52.4	673.52

(Reference) Shareholders' equity
2Q FY2019 7,587 Million yen FY2018 8,218 Million yen

2. Dividends

	Dividend per share				
	End of 2Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	—	0.00	—	13.00	13.00
FY2019	—	0.00	—	—	—
FY2019(Forecast)	—	—	—	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 8.

※ Notes

(1) Changes of important subsidiaries during period : None

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

(2) Application of any special accounting procedures in creating the quarterly consolidated financial statement : None

(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)

2Q FY2019	12,332,600 shares	FY2018	12,332,600 shares
② Number of treasury shares at end of period	2Q FY2019	FY2018	129,678 shares
③ Average number of shares outstanding during the term	2Q FY2019	2Q FY2018	12,098,298 shares

339,678
Shares

12,098,298
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) Cash Flow Report	8
(4) Outlook for FY2019	8
2. Items regarding Summary Information (Annotations).....	9
(1) Additional Information	9
3. Quarterly Financial Statements and Major Notes.....	10
(1) Quarterly Consolidated Balance Sheet.....	10
(2) Quarterly Consolidated Profit & Loss Statement and Quarterly Consolidated Statement of Comprehensive Income.....	12
Quarterly Consolidated Profit & Loss Statement Consolidated Cumulative 2nd Quarter.....	12
Quarterly Consolidated Statement of Comprehensive Income Consolidated Cumulative 2nd Quarter.....	13
(3) Quarterly Consolidated Statement of Cash Flows.....	14
(4) Notes on Consolidated Financial Statement.....	16
(Notes regarding the premise of on-going concerns)	16
(Notes regarding significant changes in the amount of shareholder's equity)	16
(Segment Information)	16

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 re-examine ways to further 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). We have established a cross border E-commerce company specializing in the fashion industry as our first installment for the Vertical Architecture.

As a result, the 2nd quarter consolidated net sales were 11,690 Million JPY (+10.2% from 2Q FY2018), the operating loss was 18 Million JPY (operating income for 2Q FY2018 was 618 Million JPY), the ordinary income was 0.9 Million JPY (-99.9% from 2Q FY2018) and the net loss attributable to owners of the parent company was 69 Million JPY (net profit attributable to owners of the parent company was 372 Million JPY).

The consolidated GMV for the 2nd quarter was 24.9 Billion JPY (+9.9% from 2Q FY2019).

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 general speed and quality. We have also implemented the fixed shipping module into the Proxy Purchasing Business, Buyee, thus facilitating the user's purchasing experience and improve customer satisfaction. We also launched promotions including the foregoing of service charges on Yahoo! Auction. These measures led to an increase in sales and operating income. 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. We have also replaced our existing fundamental system to increase usability. The ensuing switch in the search engine's algorithm has affected its SEO which led to a temporary decrease in users and net sales in the 1st quarter. Though we have seen improvements in the 2nd quarter, we were unable to come out of the negative in the cumulative 2nd quarter.

As a result, the consolidated net sales were 2,403 Million JPY (+6.2% from 2Q FY2018) and the operating income was 289 Million JPY (-19.1% from 2Q FY2018).

1 - 2 Value Cycle Business

The Apparel Reuse Business's purchasing total rose 29.6% from 2Q FY2018 due to television commercials promoting its bulk selling and speed cashing services and other measures toward regular customers. On the vending side, the influence of a warmer winter, the commencement of our "try on first" service on our in-house sales channel, Brandear Auction, the creation of new television commercials and investments in new services did not lead to the forecasted sales which led to a decrease in profit margin and resulted in losses.

The Liquor Mediation Business has focused on its procurement ability and has opened two new stores in areas where we have received a lot of orders and interest, namely Sapporo, Hokkaido and Kokura, Kitakyushu. We have also renewed the exterior of our current stores as well as focused on branding and getting our name out by creating fliers and created advertisements on trains in Tokyo and Osaka. We have also pulled out of areas that we did not find to be strategically efficient. The closing and opening of stores led to a temporary increase in costs that subsequently decreased profit margins.

As a result, the consolidated net sales were 6,689 Million JPY (+16.4% from 2Q FY2018) and the operating loss was 105 Million JPY (operating income for 2Q FY2018 was 286 Million JPY).

The main reason for the increase in sales YoY is because of the acquisition of JOYLAB, inc. (formerly Teikokushuhan Co. Ltd.) in March 2018 started showing on our consolidated records beginning April 2018.

1 - 3 Retailing and Licensing Business

The Entertainment Business started handling merchandise for new artists as well as sold holiday season products and held a large event that led to the company's highest recorded sales in February 2019 and a steady increase in sales and operating income for the quarter. The Producing and Licensing Business maintained its strong sales of the Pokemon Cosme Series. Fragrance and Body Care brand SWATi operated a pop up store with "Japonism" as its theme and released new products to rebrand itself and increase notoriety.

As a result, the consolidated net sales were 2,479 Million JPY (+12.1% from 2Q FY2018) and the operating income was 68 Million JPY (+99.2% from 2Q FY2018).

For the E-Commerce Business in 2Q FY2019, the consolidated net sales were 11,572 Million JPY (+13.2% from 2Q FY2018) and the operating income was 252 Million JPY (-62.8% from 2Q FY2018).

② Incubation Business

The Investment and Consultation Business has made an additional investment in Zilingo which operates Southeast Asia's online fashion and beauty product marketplace as well as other companies in India and emerging countries in the online marketplace and online payment fields. In Japan, we focus our investments on the inbound consumer market and have invested in NIHONBISHOKU K.K. which operates the restaurant and travel app "Japan Foodie" and cart ltd. which operates "naturacart", a marketplace that sells natural and organic items from all over the world.

As for current investments, we are collecting the profits from businesses that are growing at the opportune timing and we have recorded 86 Million JPY in profits from the sales of operational investment securities in the 2nd quarter. We evaluate our operational investment securities on a quarterly basis and list any appraisal losses as cost of sales.

As a result, the book value for our operational investment securities at the end of 2Q is at 3.8 Billion JPY and the market value¹ of our investments is recorded at approximately 25.4 Billion JPY.

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." We have partnered with Fashion-Co-Lab. Co., Ltd. (FCL) to establish FASBEE Inc. that will use BEENOS's expertise in Cross Border EC and FCL's knowledge in constructing an EC fulfillment infrastructure specializing in fashion to create a fashion EC mall.

As a result, the consolidated net sales were 125 Million JPY (-67.9% from 2Q FY2018) and the operating loss was 72 Million JPY (the Operating Profit for 2Q FY2018 was 172 Million JPY).

¹ The market value for listed companies is calculated at its stock price. Unlisted companies are calculated based on our number of shares with the price of the most recent stock issuance (if no stocks have been issues within 1 year and have recorded allowance for loss on investments, they are priced at book value). This amount has been calculated internally and has not gone through the auditing process.

(2) Financial Status Report

① Financial Status Analysis

(i) Assets

The total assets for the 2nd quarter consolidated accounting period was 17,257 Million JPY which is an increase of 1,565 Million JPY from the previous end of the consolidated fiscal year.

The breakdown of the funds is the following: Total current assets are at 14,904 Million JPY which is a 1,591 Million JPY increase from the end of FY2018. Increasing factors include 1,001 Million JPY in Operational Investment Securities, 776 Million JPY in Products and 350 Million JPY in Notes and Accounts Receivable-trade. Decreasing factors include 631 Million JPY in Cash and Deposits.

Furthermore, the total fixed assets rose to 2,352 Million JPY which is a 25 Million JPY increase from the previous end of the consolidated fiscal year. Increasing factors include 24 Million JPY in Software listed in Other of Intangible assets. Decreasing factors include 46 Million JPY in Goodwill.

(ii) Liabilities

The total liabilities for the 2nd quarter consolidated accounting period was 8,130 Million JPY which is an increase of 2,229 Million JPY from the previous end of the consolidated fiscal year.

The breakdown of the funds is the following: Total current liabilities are at 7,925 Million JPY which is a 2,233 Million JPY increase from the previous end of the consolidated fiscal year. Increasing factors include 865 Million JPY in Short-term Loans Payable, 810 Million JPY in Deposits received, 494 Million JPY in Accounts payable-other and 380 Million JPY in Notes and Accounts Payable-trade. Decreasing factors include 278 Million JPY in Income taxes payable.

Furthermore, the total fixed liabilities rose to 204 Million JPY which is a 3 Million JPY decrease from the previous end of the consolidated fiscal year. Increasing factors include 0.8 Million JPY in Asset Retirement Obligation. Decreasing factors include 4 Million JPY in Long-term loans payable.

(iii) Net Assets

The total net assets for the 2nd quarter consolidated accounting period was 9,127 Million JPY which is a decrease of 664 Million JPY from the previous end of the consolidated fiscal year. Decreasing factors include 288 Million JPY in the Purchase of Treasury Stock, 158 Million JPY in Capital Surplus and 69 Million JPY in Retained Earnings.

(3) Cash Flow Report

The amount of cash and cash equivalents (Funds) at the end of 2Q FY2019 is at 5,536 Million JPY, a 638 Million JPY decrease from FY2018.

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 the 2nd quarter consolidated accounting period decreased by 838 Million JPY. Increasing factors include 810 Million JPY in Increase in deposits received and 574 Million JPY increase in Accounts Payable. Decreasing factors include 1,095 Million JPY increase in Operational Investment Securities, 776 Million JPY increase in inventories and 430 Million JPY in Income taxes paid.

(Net cash provided by investment activities)

Net cash provided by investment activities for the 2nd quarter consolidated accounting period decreased by 192 Million JPY. Increasing factors include 98 Million JPY in Purchase of property, plant and equipment and 65 Million JPY in Purchase of investment securities.

(Net cash provided by financing activities)

Net cash provided by financing activities for the 2nd quarter consolidated accounting period increased by 402 Million JPY. Increasing factors include 872 Million JPY in Increase in short-term loans payable. Decreasing factors include 288 Million JPY in Repurchase of Treasury Stock and 158 Million JPY in Cash dividends paid.

(4) 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.

2. Quarterly Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit : 1,000 JPY)

	Year-end FY2018 (30 September 2018)	2Q FY2019 (31 March 2019)
Assets Section		
Current Assets		
Cash and Deposit	5,920,068	5,288,350
Account Receivable	812,851	1,163,399
Operational Investment Securities	2,896,984	3,898,367
Products	1,840,210	2,616,680
Accounts Receivable	1,016,021	1,143,518
Other	843,394	814,894
Allowance for Cancellation Loss	△16,779	△20,723
Total Current Assets	13,312,752	14,904,488
Fixed Assets		
Tangible Assets		
Buildings and Structures	603,914	597,927
Accumulated Depreciation	△205,702	△231,108
Buildings and Structures (Net Base)	398,211	366,818
Vehicles	9,512	9,960
Accumulated Depreciation	△7,329	△7,838
Vehicles (Net Base)	2,182	2,122
Tools, Materials and Supplies	156,576	181,797
Accumulated Depreciation	△97,647	△108,438
Tools, Materials and Supplies (Net Base)	58,929	73,358
Total Tangible Assets	459,323	442,299
Intangible Assets		
Goodwill	351,469	305,022
Other	156,312	180,848
Total Intangible Assets	507,781	485,871
Investments etc.		
Investment Account Security	844,765	857,382
Deferred Tax Assets – Current	129,508	140,509
Other	437,030	426,495
Total Investments etc.	1,411,304	1,424,387
Total Fixed Assets	2,378,409	2,352,557
Total Assets	15,691,162	17,257,046

(Unit : 1,000 JPY)

	Year-end FY2018 (30 September 2018)	2Q FY2019 (31 March 2019)
Liabilities Section		
Current Liabilities		
Account Payables	379,240	759,936
Short-term Loan	1,634,200	2,500,000
Current Portion of Long-term Debt	8,880	8,880
Accounts Payable – Other	2,339,416	2,834,208
Deposits Received	583,976	1,394,152
Income Taxes Payable	369,568	91,414
Other	377,044	336,822
Total Current Liabilities	5,692,326	7,925,414
Fixed Liabilities		
Long-term Loan	19,380	14,940
Asset Retirement Obligations	188,407	189,219
Deferred Tax Liabilities	—	453
Total Fixed Liabilities	207,787	204,612
Total Liabilities	5,900,114	8,130,027
Net Assets Section		
Capital Stock		
Capital Stock	2,775,840	2,775,840
Capital Surplus	2,701,215	2,542,577
Earned Surplus	2,889,400	2,820,349
Common Stock for Treasury	△187,303	△475,311
Total Capital Stock	8,179,153	7,663,456
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	△231,866	△283,230
Exchange Conversion Adjustment Account	271,630	207,493
Total Accumulated Other Comprehensive Income	39,763	△75,737
Equity Warrant	21,406	34,132
Minority Stockholder Equity Interest	1,550,724	1,505,167
Net Assets Section	9,791,048	9,127,018
Total Liabilities	15,691,162	17,257,046

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

Quarterly Consolidated Profit & Loss Statement
Consolidated Cumulative 2nd Quarter

(Unit : 1,000 JPY)

	2Q FY2018 1 October 2017 31 March 2018	2Q FY2019 1 October 2018 31 March 2019
Net Sales	10,611,108	11,690,188
Cost of Sales	4,915,676	6,141,373
Gross Sales	5,695,431	5,548,814
Selling, General and Administrative Expenses	5,077,195	5,567,615
Operating Income (Δ Losses)	618,236	Δ18,801
Non-operating Income		
Interest Income	44	38
Equity in Earnings of Affiliates	22,592	23,043
Subsidy Income	—	6,401
Gains on investments in partnership	122,989	—
Other	6,497	12,914
Total Non-Operating Income	152,123	42,398
Non-operating Expenses		
Interest Expenses	6,508	7,453
Exchange Loss	7,996	6,104
Commission Fee	—	2,016
Loss on investments in partnership	—	6,789
Other	91	324
Total Non-Operating Expenses	14,597	22,687
Ordinary Income	755,762	909
Extraordinary Income		
Gain on Sales of Shares of Subsidiary	24,187	—
Total Extraordinary Income	24,187	—
Quarterly Income Before Income Taxes	779,949	909
Income Taxes - Current	218,281	112,137
Income Taxes - Deferred	106,421	Δ16,169
Total Income Taxes	324,703	95,967
Quarterly Net Income (Δ Losses)	455,246	Δ95,058
Quarterly Profit Attributable to Non-Controlling Interests (Δ Losses)	83,053	Δ26,007
Quarterly Profit Attributable to Owners of Parent (Δ Losses)	372,193	Δ69,050

Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative 2nd Quarter

(Unit : 1,000 JPY)

	2Q FY2018 1 October 2017 31 March 2018	2Q FY2019 1 October 2018 31 March 2019
Quarterly Net Income	455,246	△95,058
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	△37,391	△51,446
Foreign Currency Translation Adjustment	△107,282	△60,575
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	△5,266	△3,478
Total Comprehensive Income	△149,940	△115,500
Quarterly Comprehensive Income	305,306	△210,558
(Breakdown)		
Quarterly Comprehensible Income Attributable to Owners of the Parent	222,252	△184,551
Quarterly Comprehensible Income Attributable to Non-controlling Interests	83,053	△26,007

(3) Quarterly Consolidated Statements of Cash Flows

(Unit : 1,000 JPY)

	2Q FY2018 1 October 2017 31 March 2018	2Q FY2019 1 October 2018 31 March 2019
Net Cash Provided by Operating Activities		
Income Before Income Taxes	779,949	909
Depreciation and Amortization	40,424	52,627
Amortization of Goodwill	16,362	46,446
Increase in Allowance for Doubtful Accounts (Δ: Decrease)	3,455	3,955
Stock-Based Comprehensive Expenses	16,620	12,725
Interest and Dividends Income	Δ44	Δ38
Interest Expenses Paid	6,508	7,453
Foreign Exchange Loss (Δ: Gains)	Δ21,682	Δ7,107
Equity in Losses of Affiliates (Δ: Gains)	Δ22,592	Δ23,043
Loss of the Sale of Affiliated Company Share (Δ: Gains)	Δ24,187	—
Loss on Investments in Partnership (Δ: Gains)	Δ122,989	6,789
Decrease in Notes and Accounts Receivable - trade (Δ: Increase)	Δ555,240	Δ393,902
Decrease in Operational Investment Securities (Δ: Increase)	Δ203,617	Δ1,095,271
Decrease in Inventories (Δ: Increase)	Δ312,410	Δ776,643
Increase in Notes and Accounts Payable-Trade (Δ: Decrease)	247,064	380,756
Increase in Accounts Payable – Other (Δ: Decrease)	399,354	574,593
Increase in Deposits Received (Δ: Decrease)	Δ158,715	810,217
Increase in Consumption Taxes Payable (Δ: Decrease)	Δ36,918	Δ10,388
Other	196,624	Δ51,842
Subtotal	247,966	Δ461,761
Interest and Dividends Income Received	53	61,232
Interest Expenses Paid	Δ6,574	Δ7,427
Income Taxes Refund	783	—
Income Taxes Paid	Δ326,166	Δ430,331
Net Cash Provided by Operating Activities	Δ83,939	Δ838,288
Net Cash Provided by Investment Activities		
Purchase of Tangible Assets	Δ85,669	Δ98,443
Purchase of Intangible Assets	Δ8,099	Δ39,877
Purchase of Investment Securities	Δ120,571	Δ65,807
Payments for Lease and Guarantee Deposit	Δ4,714	Δ1,710
Proceeds from Lease and Guarantee Deposits Received	—	13,626
Proceeds from Share of Profits on Investments in Partnership	117,016	—
Payments for Acquisition of Investments in Subsidiaries Resulting in Change in Scope of Consolidation	Δ229,187	—
Proceeds from Sales of Investments in Subsidiaries Resulting in Change in Scope of Consolidation	31,294	—
Other	304	Δ219
Net Cash Provided by Investment Activities	Δ299,626	Δ192,433

(Unit : 1,000 JPY)

	2Q FY2018 1 October 2017 31 March 2018	2Q FY2019 1 October 2018 31 March 2019
Net Chase Provided by Financing Activities		
Increase in Short-term Loans Payable (Δ: Decrease)	275,000	872,900
Payment of Long-term Loans Payable	Δ7,800	Δ4,440
Payment of Lease Obligations	Δ382	—
Proceeds from Exercise of Stock Option	4,206	—
Purchase of Treasury Stock	Δ145,276	Δ288,008
Proceeds from Stock Issuance of Non- controlling Interest	3,420	—
Cash Dividends Paid to Non-Controlling Shareholders	—	Δ19,549
Proceeds from Disposal of Treasury Stock in Subsidiaries	Δ62	—
Cash Dividends Paid	Δ158,930	Δ158,580
Net Cash Provided by Financing Activities	Δ29,825	402,321
Effect of Exchange Rate Change On Cash and Cash Equivalents	Δ47,111	Δ10,074
Net Increase in Cash and Cash Equivalents (Δ: Decrease)	Δ460,502	Δ638,475
Cash and Cash Equivalents at Beginning of the Quarter	6,745,628	6,175,435
Cash and Cash Equivalents at the end of the Quarter	6,285,125	5,536,960

(4) 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.)

【Segment Information】

I Previous Consolidated Cumulative 2nd Quarter (1 October 2017 – 31 March 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	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Net Sales								
Sales to Customer	2,263,548	5,746,394	2,210,893	10,220,836	389,641	10,610,478	630	10,611,108
Internal Sales or Transfer Between Segment	222	—	515	738	—	738	Δ738	—
Total	2,263,770	5,746,394	2,211,409	10,221,574	389,641	10,611,216	Δ107	10,611,108
Segment Earnings	357,866	286,683	34,422	678,972	172,165	851,137	Δ232,901	618,236

(Note) 1. The segment earnings or loss adjustment of Δ232 Million JPY includes the deletion of inter-segment transactions of Δ172 Million JPY, company-wide revenue of 309 Million JPY, that is not distributed to each reporting segment, and company-wide cost of Δ369 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 Quarterly Consolidated Profit & Loss Statement.

2. Information regarding impairment losses of Fixed Assets or Goodwill per reporting segment

(Major impairment losses of Fixed Assets)

Not Applicable

(Major changes in amount for Goodwill)

BEENOS acquired Teikokushuhan Co. Ltd. as of 1 March 2018 and has included it in the Value Cycle Business of the E-Commerce Business segment. Goodwill for 2Q FY2018 has subsequently increased 371 Million JPY.

The dividend of the acquisition cost is not yet complete, so the amount of the goodwill is tentatively calculated.

(Generating income for Negative Goodwill)

Not Applicable

II Current Consolidated Cumulative 2nd Quarter (1 October 2018 – 31 March 2019)

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

(Unit : 1,000 JPY)

	Reporting Segment						Adjustment s (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 Customer	2,399,850	6,689,027	2,476,199	11,565,077	125,110	11,690,188	-	11,690,188
Internal Sales or Transfer Between Segment	3,952	92	3,388	7,433	-	7,433	Δ7,433	-
Total	2,403,803	6,689,120	2,479,588	11,572,511	125,110	11,697,621	Δ7,433	11,690,188
Segment Earnings	289,603	Δ105,303	68,580	252,880	Δ72,716	180,163	Δ198,965	Δ18,801

(Note) 1. The segment earnings or loss adjustment of Δ198 Million JPY includes the deletion of inter-segment transactions of Δ390 Million JPY, company-wide revenue of 573 Million JPY, that is not distributed to each reporting segment, and company-wide cost of Δ381 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 Quarterly Consolidated Profit & Loss Statement.

2. Information regarding impairment losses of Fixed Assets or Goodwill per reporting segment

(Major impairment losses of Fixed Assets)

Not Applicable

(Major changes in amount for Goodwill)

Not Applicable

(Generating income for Negative Goodwill)

Not Applicable