



FY2019 1st Quarter
Financial Results Briefing



Quarterly Financial Results

October ~ December 2018

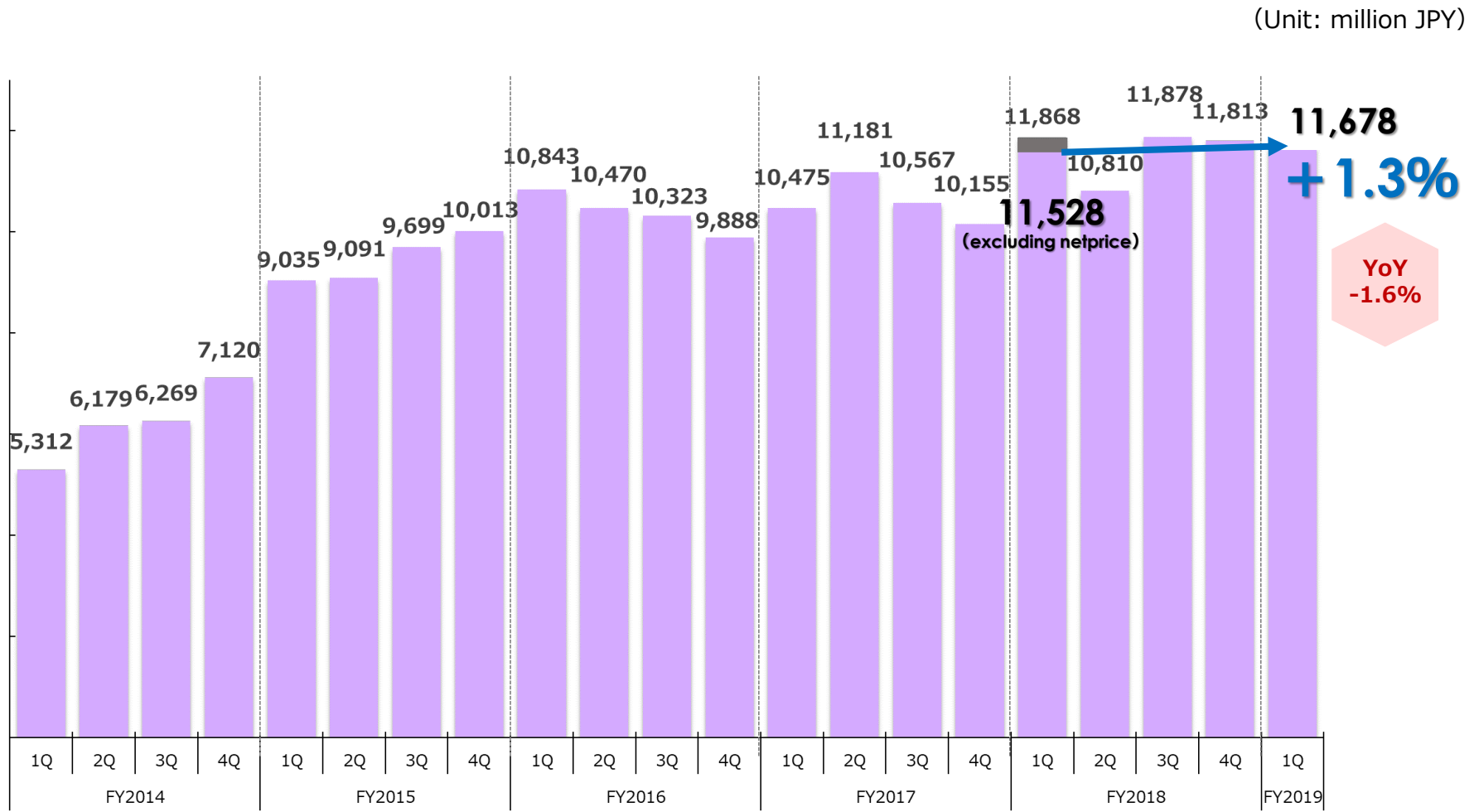
Vice President and Group CFO
Koji Nakamura

	Results	YoY
GMV	11.67 Bil JPY	△1.6%
Net Sales	5.30 Bil JPY	△1.1%
Operating Income	△314 Mil JPY	—

- The backlash of a better-than-expected performance in 1Q FY2018 in the Retailing and Licensing Business and the sales of netprice, Ltd. led to a decrease YoY in GMV and Net Sales.
- Apparel Reuse Business (Defactostandard: 3545) in the Value Cycle Business spent in advertising to increase recognition and to increase traffic to in-house sales channel. (Expected outcome)
- Incubation Business records losses due to spending in the development of new businesses (Expected outcome). No large sales of investments.

Quarterly Consolidated GMV

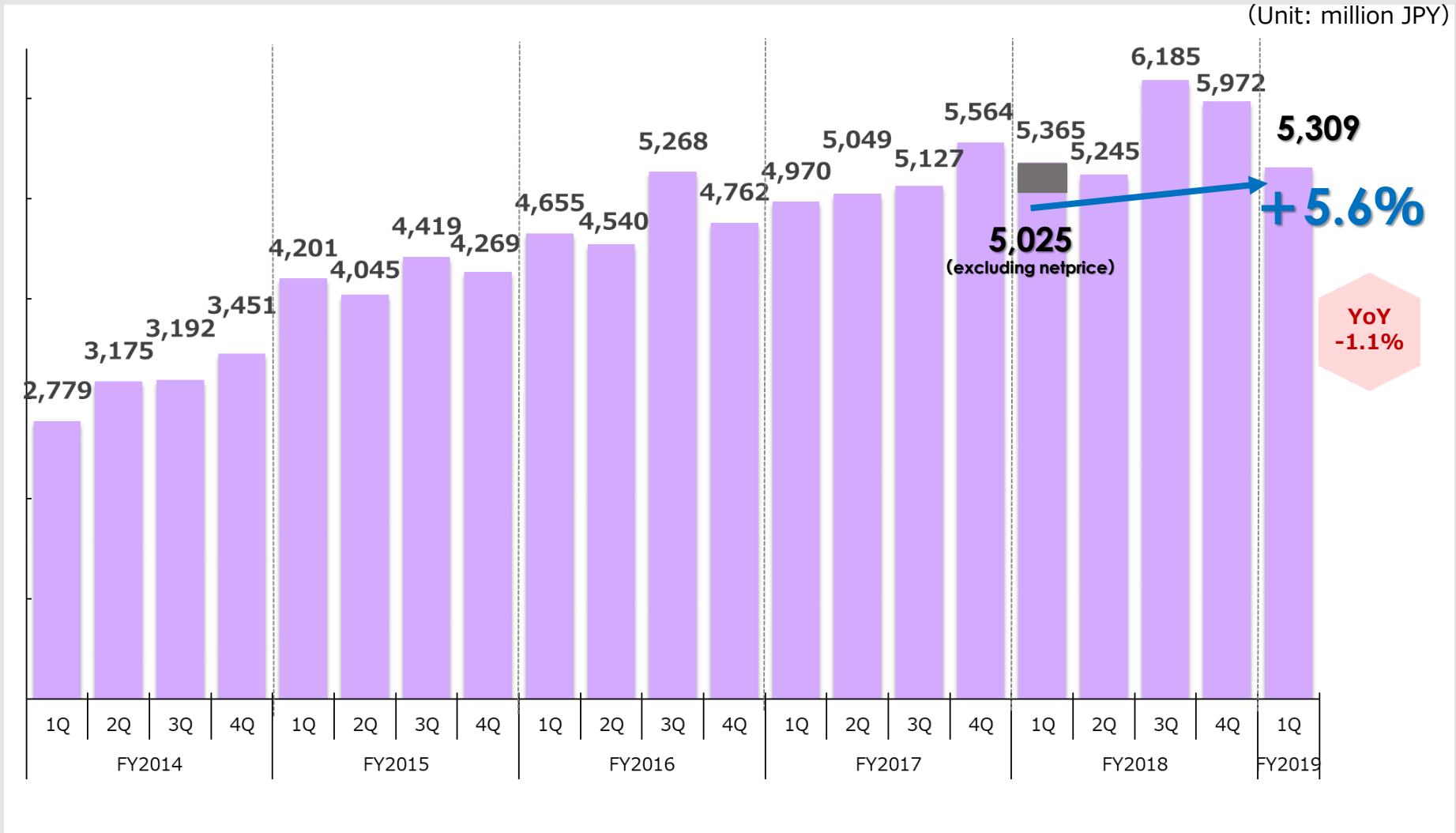
- 1.6% decrease YoY, but increase 1.3% if netprice (340 Mil. JPY) is excluded.



*The amounts represent the total of the merchandise of the Group companies. For businesses recording merchandise prices as sales, the GMV is the total amount of sales. For businesses recording only commissions as sales, the sum of merchandise, shipping charges, and consumption tax are recorded as GMV.

Quarterly Consolidated Net Sales

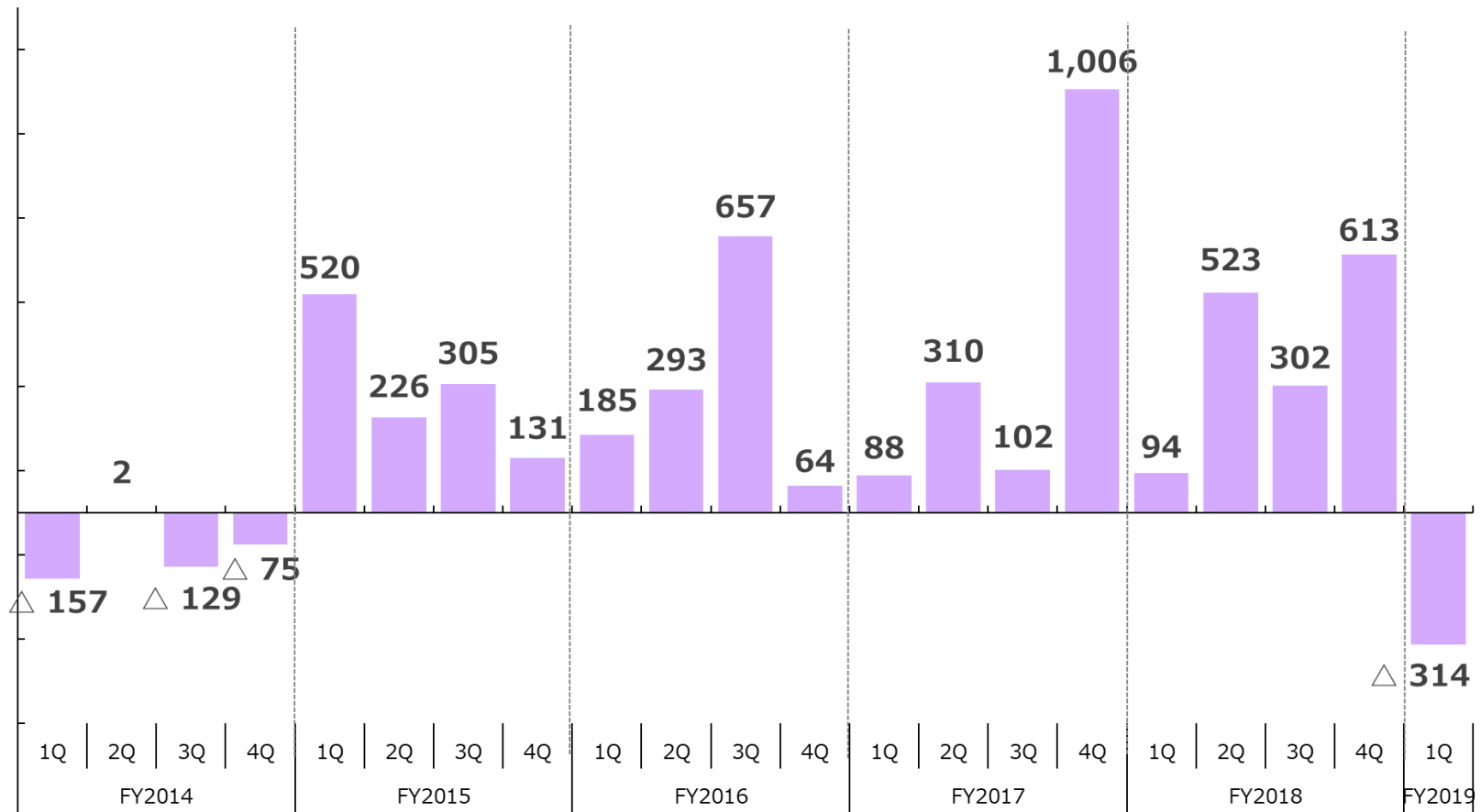
- 1.1% decrease YoY, but increase 5.6% if netprice (340 Mil. JPY) is excluded



Quarterly Consolidated Operating Income

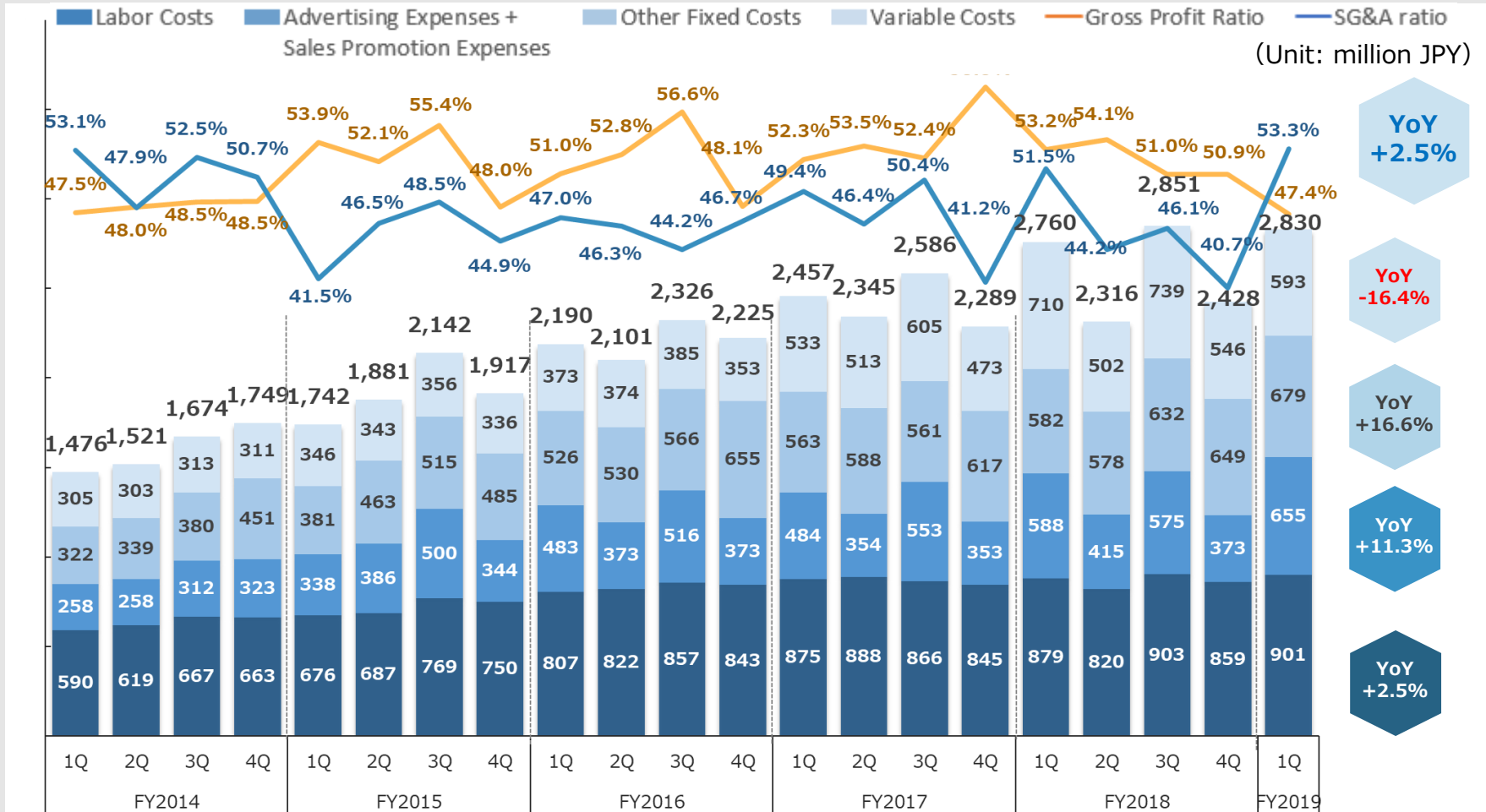
- E-Commerce Business and Incubation Business both recorded losses, but both expected results.

(Unit: million JPY)



Quarterly Gross Profit Ratio and SG&A

- The shift into higher priced items in the Apparel Reuse Business in the Value Cycle Business led to a decrease in gross profit ratio. Increased spending in advertising to increase traffic to our in-house sales channel.

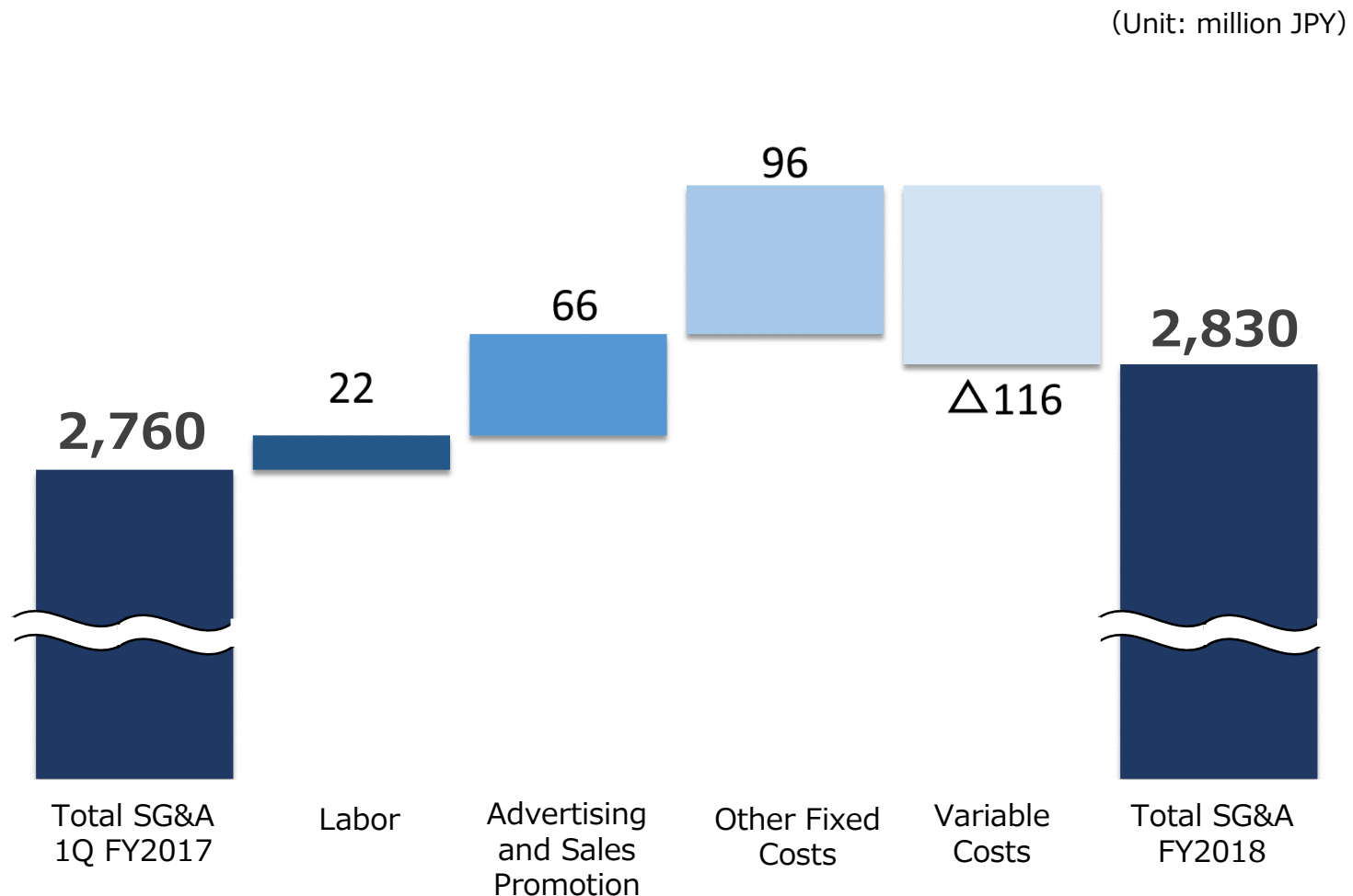


※ Bonuses are included in other fixed costs on a quarterly basis

※ A portion of the Retailing and Licensing Business's Other Fixed Costs have been switched to Variable costs as of FY2017 due to its high conjunction with sales

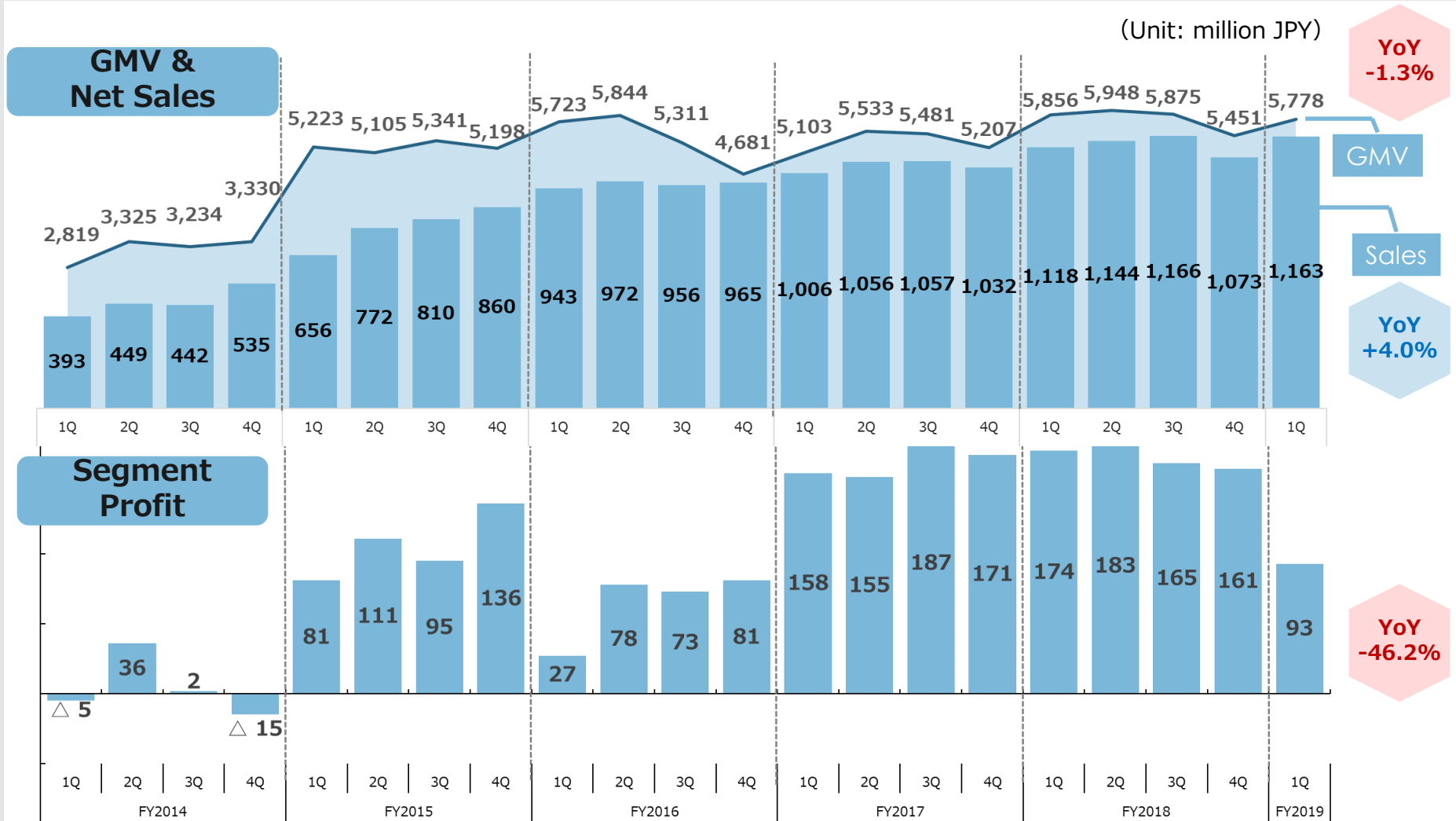
Breakdown of 1Q SG&A (compared year-on-year)

- Increase in other fixed costs due to increase in developmental fees in the Cross Border Business (Most to be contained by the end of 2Q). Decrease in variable costs due to the decrease in sales in the Retailing and Licensing Business.



Cross Border Business Performance Results

- 46.2% decrease YoY due to the decrease in GMV in the To Japan Business as well as increase in developmental fees to do a system overhaul and implement a fixed shipping module. (Spending to be contained by the end of 2Q)



Cross Border Business Take Rate

- Increase in GMV and sales in the From Japan Business, but algorithm changes in search engines in the To Japan Business led to a decrease in drawing customers via SEO which led to a decrease YoY.

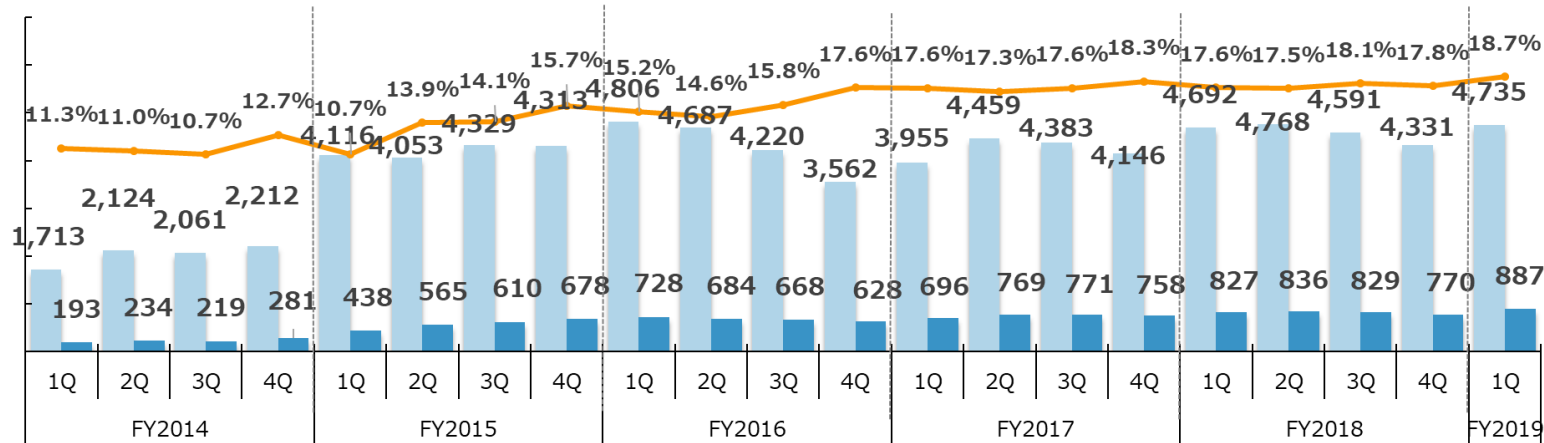
【From Japan】

GMV

Net Sales

Take Rate
(Sales÷GMV)

(Unit: million JPY)



YoY
+0.9%

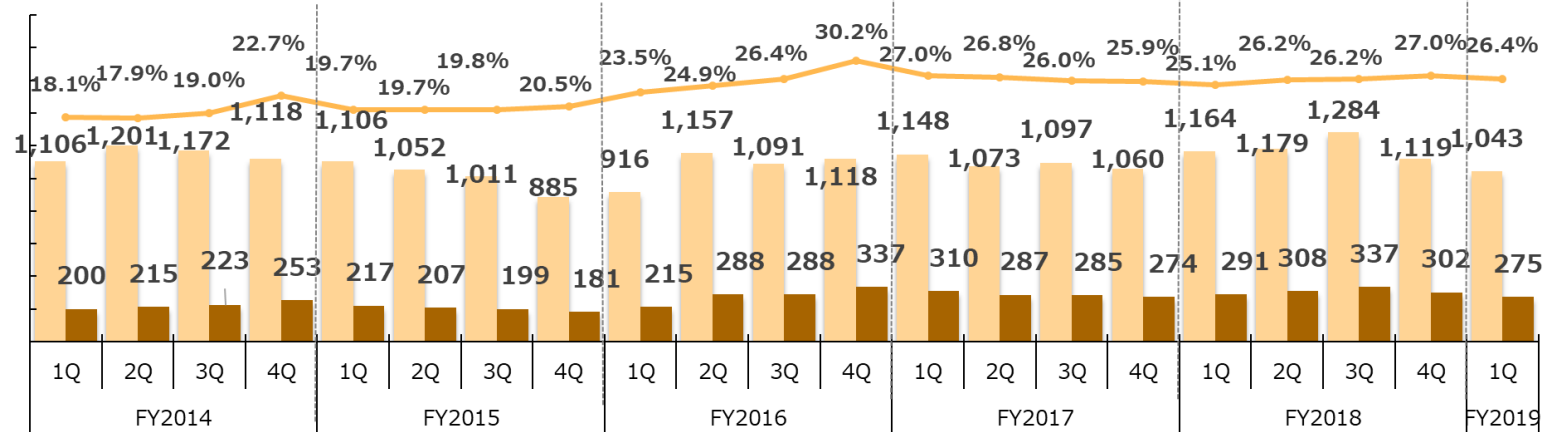
YoY
+7.3%

【To Japan】

GMV

Net Sales

Take Rate
(Sales÷GMV)

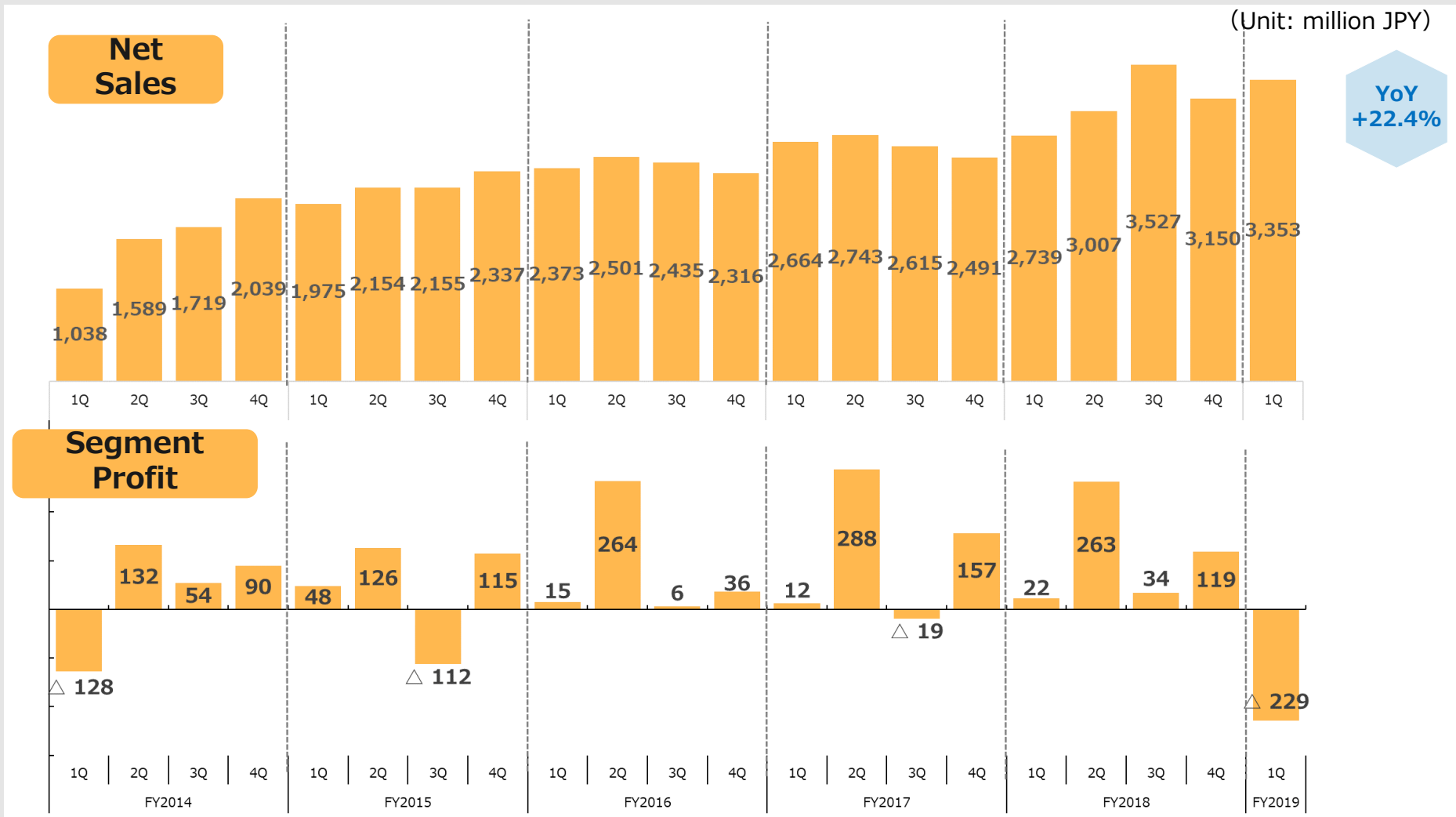


YoY
-10.4%

YoY
-5.6%

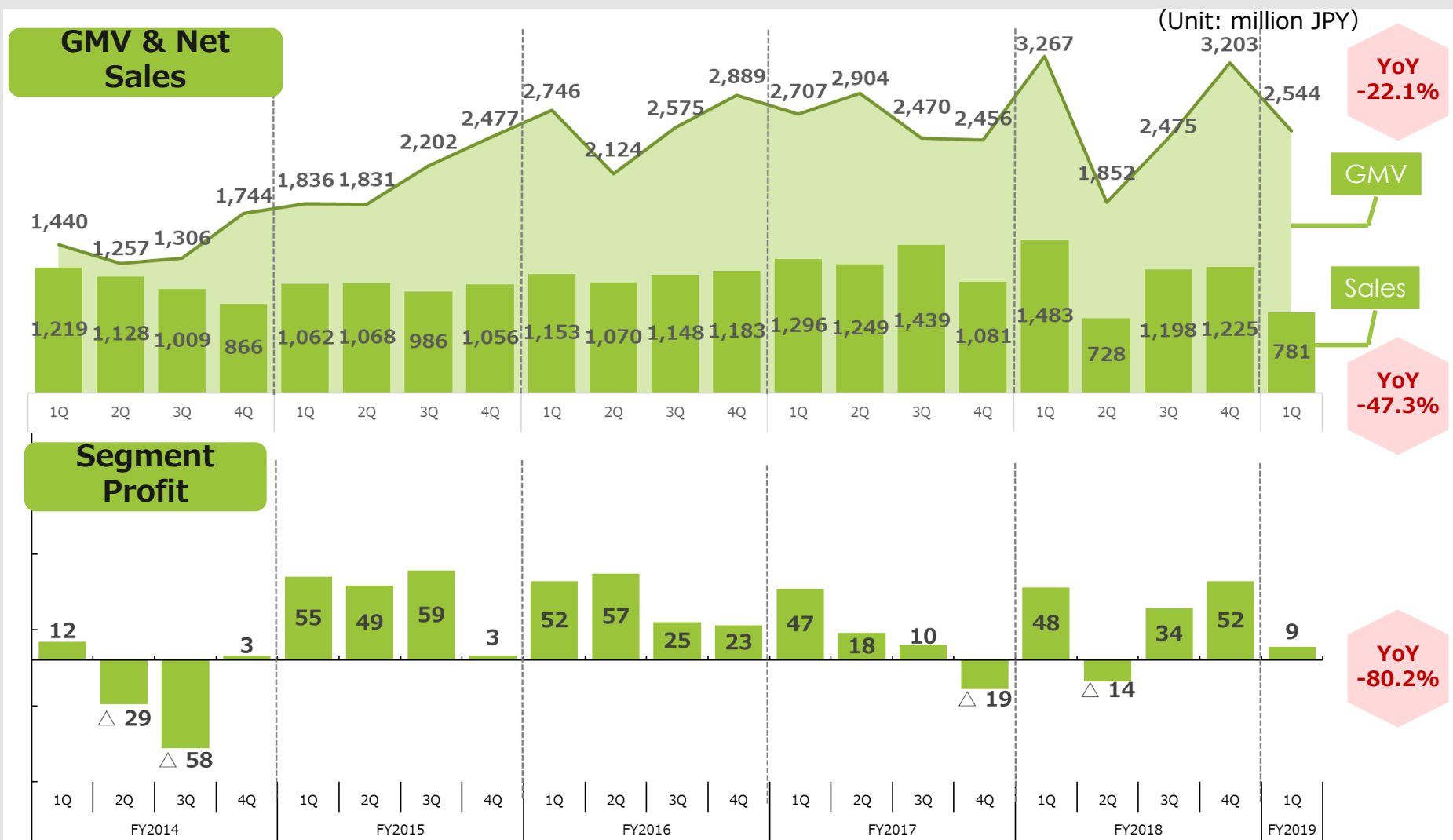
Value Cycle Business Performance Results

- Increase in sales in the Apparel Reuse Business and the addition of the Liquor Mediation Business led to a 22.4% increase in sales, but the purchase of higher priced items in the Apparel Reuse Business led to a decrease in gross profit rate. Furthermore, spending in advertising to increase traffic to our in-house sales channel led to losses.



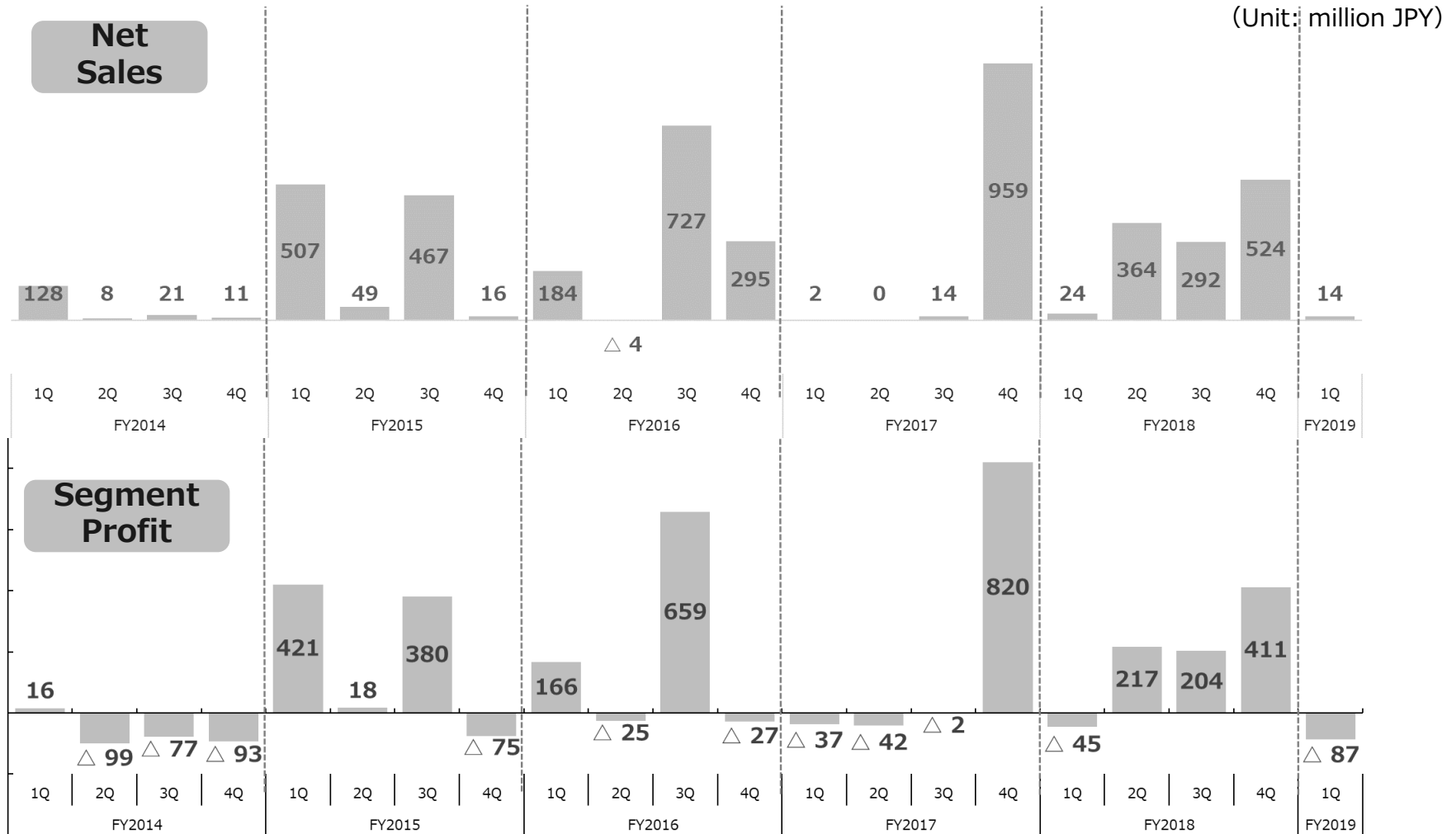
Retailing and Licensing Business Performance Report

- GMV and Sales in 1Q FY2018 were high due to the advancement of an event in the Entertainment Business that led to an unusually high quarter. That backlash and the exclusion of netprice (340 Mil. JPY) led to a decrease in GMV, sales and income YoY.



Incubation Business Performance Report

- The Incubation Business did not have any big sales on investments. The losses are from creating new businesses.



Quarterly Consolidated Profit & Loss Statement

Unit: Million JPY	1Q/FY2018	1Q/FY2019	YoY
Sales	5,365	5,309	△ 1.1%
Gross Profit	2,855	2,515	△ 11.9%
Gross Profit Ratio	53.2%	47.4%	△ 5.8p
SG&A	2,760	2,830	+2.5%
SG&A Ratio	51.5%	53.3%	+1.9p
Operating Profit	94	△314	-
Operating Profit Ratio	1.8%	-	-
Non-Operating Revenue	64	35	△ 45.0%
Non-Operating Expense	21	9	△ 54.6%
Ordinary Profit	137	△288	-
Ordinary Profit Ratio	2.6%	-	-
Income before Taxes, etc.	161	△288	-
Total Income Taxes, etc.	117	△18	-
Profit attributable to non-controlling interests	6	△69	-
Net profit attributable to owners of parent	37	△200	-
Net profit attributable to owners of parent Ratio	0.7%	-	-

• Decrease in Gross Profit Ratio main reason of losses

Consolidated Balance Sheet

Unit: Million JPY	4Q/FY2018 September 2018	1Q/FY2019 December 2018	QonQ	
Current Asset	13,312	13,773	460	• Purchase of Treasury Shares: 400 Mil.
Cash and deposit	5,920	4,513	△1,407	• Increase in Products: 495 Mil.
Account Receivable	812	1,042	229	• Payment of Corp. Taxes: 348 Mil.
Operational Investment Securities	2,896	2,992	95	• Investments: 233 Mil.
Products	1,840	2,336	495	• Appraised Loss: △17 Mil.
Fixed Assets	2,378	2,368	△9	• FX Fluctuation: △120 Mil.
Tangible Assets	459	447	△12	• Increase in purchases in the Apparel Reuse Business
Intangible Assets	507	489	△18	
Investment etc.	1,411	1,432	21	
Current Liabilities	5,692	6,858	1,165	
Account Payables	379	301	△78	
Short-term Loan	1,634	2,173	539	
Fixed Liabilities	207	206	△1	
Net Asset	9,791	9,077	△713	
Common Stock for Treasury	△187	△304	△117	
Total Asset	15,691	16,142	451	




Business Sector Review

President and Group CEO
Shota Naoi

A large, realistic image of the Earth as seen from space, showing the Americas and surrounding oceans. It is centered behind the main title text.

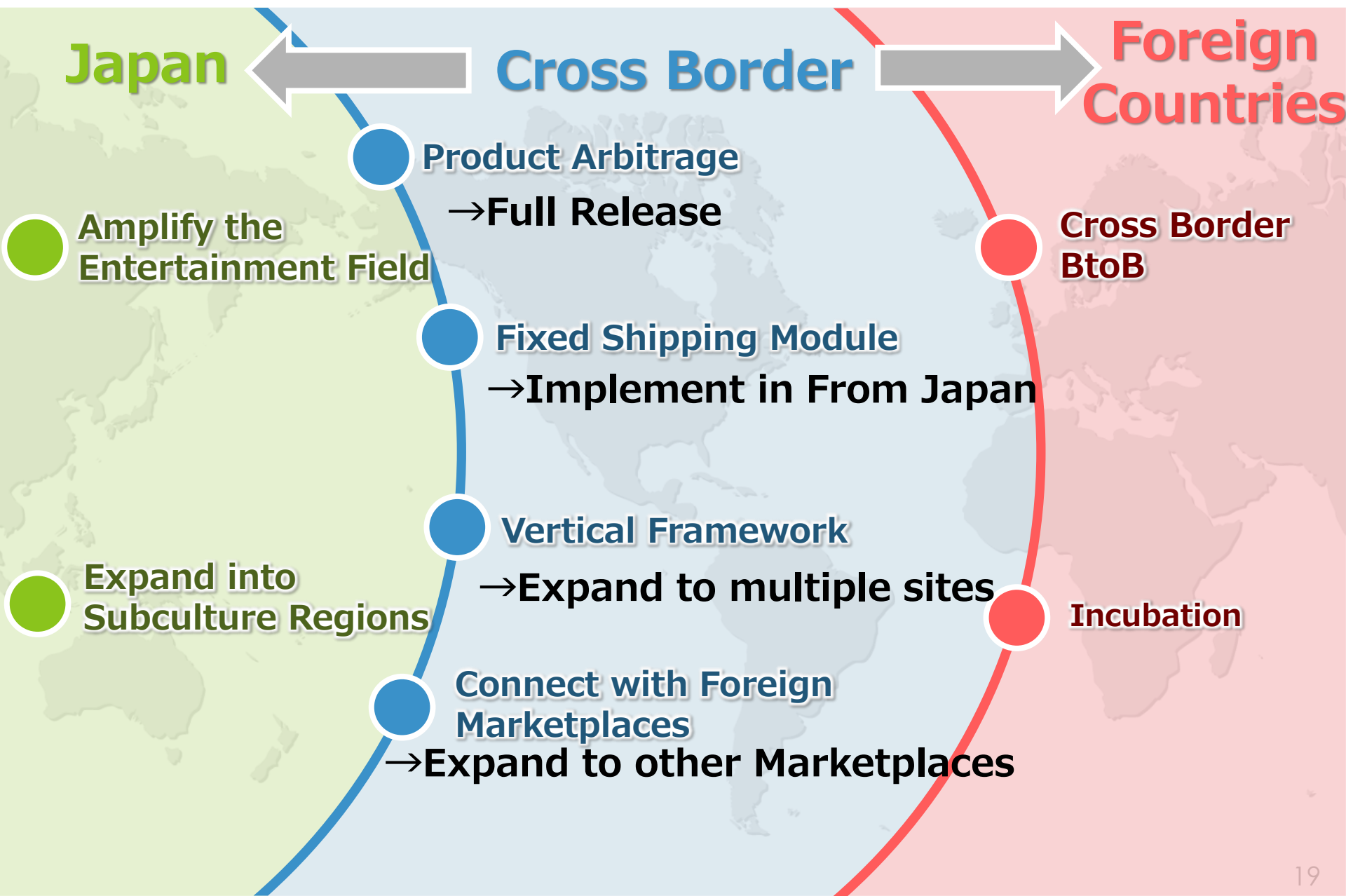
GLOBAL PLATFORMER

On the **Global Platform Frontier** to connect Japan with the World



The diagram features a central globe with a circular inset showing a map of Japan. Six white hexagonal boxes, each containing a marketplace logo, are connected to the central globe by solid lines. The logos are: Sendo (top-left), tokopedia (top-right), Ralali.com (bottom-right), ZILINGO (bottom-center), SHOPCLUES.COM (bottom-left), and a blue checkmark icon (top-left, partially obscured). Several other empty hexagonal boxes are scattered around the globe, suggesting a global network of marketplaces.

Connecting Japan with Marketplaces Worldwide



E-Commerce Business



Leader of the Cross Border EC Industry

Steady increase in partnered sites and users



※ () Compared to 1Q FY2018

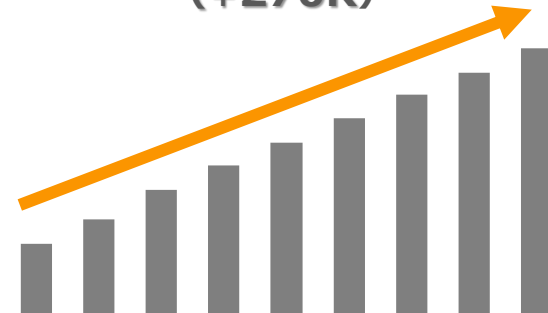
Partnered Sites

2,030
(+270 sites)

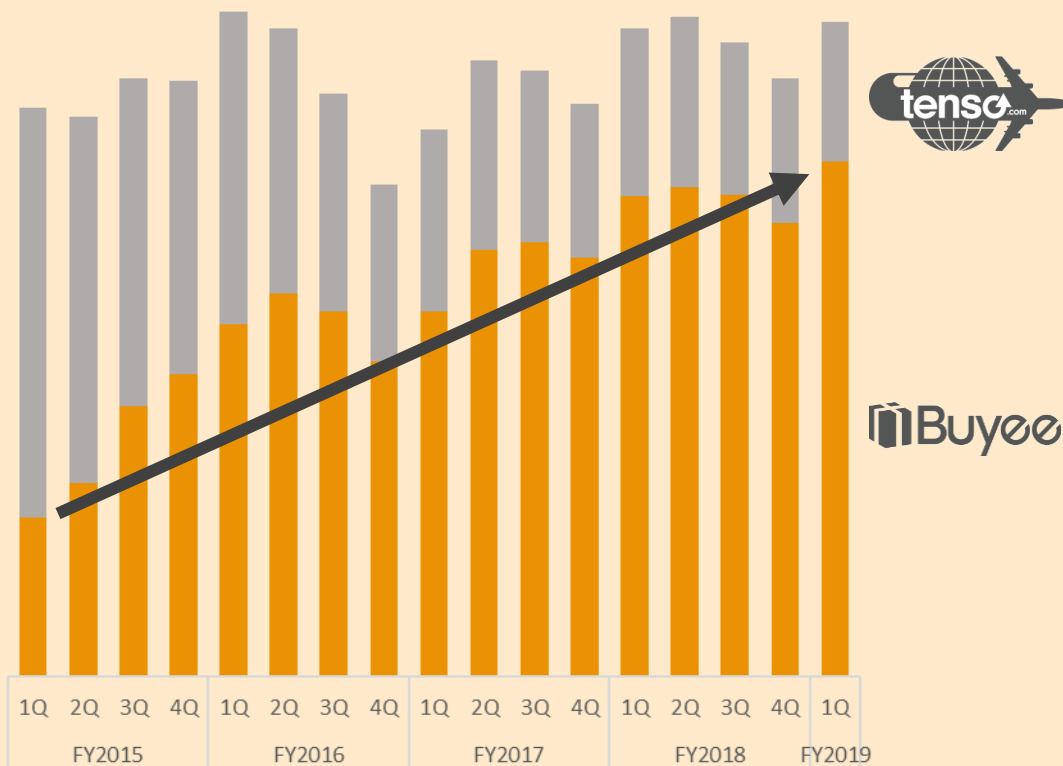


Users

1.66 Mil.
(+270K)



Strategic shift to more profitable Buyee



Buyee

GMV

Triple

Buyee

Composition

51 pt Increase

(28%→79%)

in 4 Years

Increased Usability on all fronts



Website Speed

35%

Reduction in loading
speed from a foreign
country

January's results
compared to 6 mos. ago

Website UX

68%

Increase in
New Users

Compared to 15 days
before and after change

Improvement in Translation Search Engine

48 pt.

Increase in Coverage
when using our translation service
in Chinese

January's results
compared to 6 mos. ago

Increased Service Level using AI and machine learning



AI Chat Bot

Operational

**Fixed Shipping
and Customs**

Shipping
Operational

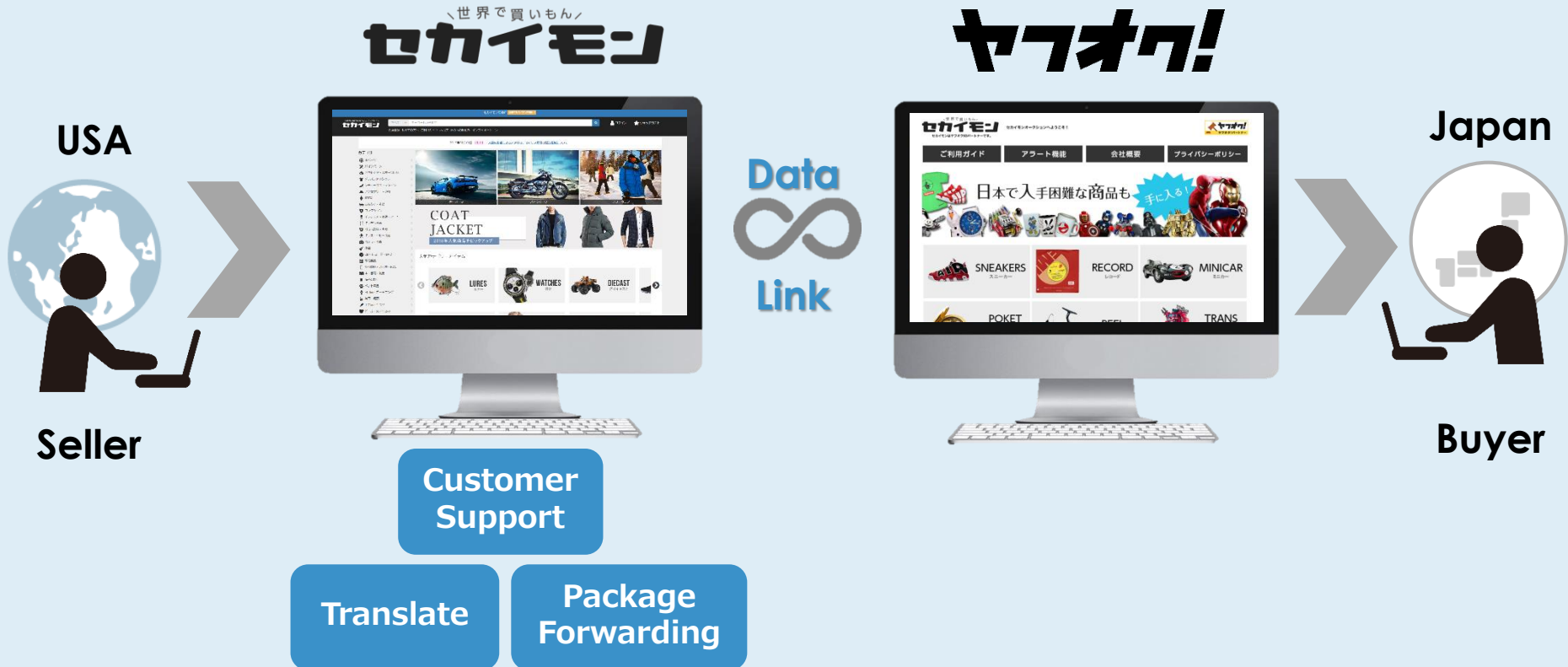
Customs
in Development

**AI Image
Recognition**

Testing Phase

currently deciphering
if items can be imported

Increase Sales Channel via Data Link with Yahoo! Auction



Sekaimon Core System Overhaul

、世界で買もん、
セカイモン

**Increase
Productivity**



×

**Reduce
Maintenance
Costs**



Producing Japanese “Contents” for Global Expansion

**Collaboration Product with
Cosmetic brand and Pokemon**

300,000+ Series Total Items Shipped
(as of December 2018)



Face Mask



Lip Cream



Hand Cream



Lip Gloss

Producing Original Merchandise for Global Expansion

Subscription based Healthcare Product EC Site “90 Days” Open

Suggests a 90 day program to improve the intestinal environment

**Entering the realm of “Digital Health” to suggest products
based on the user’s physical condition log**



First Original Product
Short-chain fatty acid supplement
BENTOOL

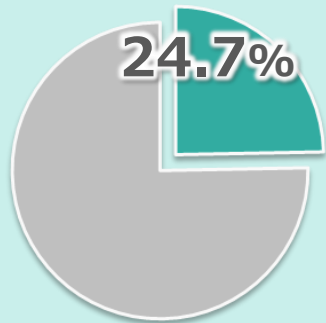


90Days App
Launch in February

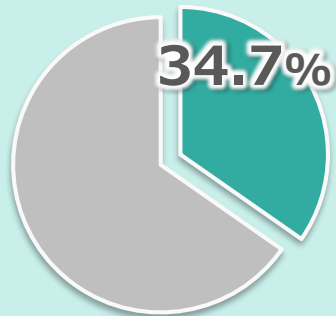
Increased spending in advertising for in-house sales channel “Brandear Auction”

Sales composition of in-house sales channel

FY2018 1Q



FY2019 1Q



In-house Channel YoY

Composition

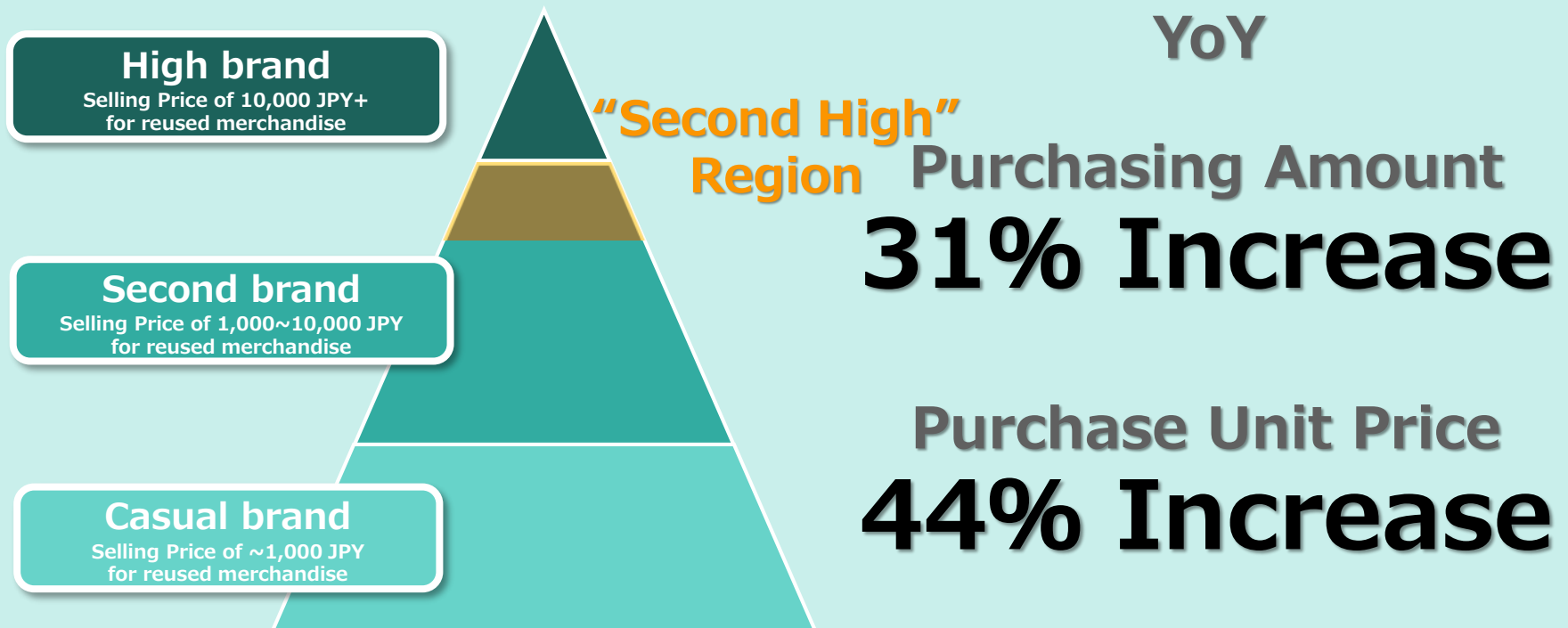
10 pt Increase

Sales

49% Increase

Focus on Purchasing “Second High”* Products Purchasing Amount, Unit Price Increase YoY

*“Second High” = Reused merchandise priced at around 10,000JPY (defined by Defactostandard)



Fortify In-house Sales Channel to Improve Earnings Ratio

Commenced fitting service to encourage users to purchase second high products

as of January 2019

■ Brandear's Economic Circle



- Allowing users to try on clothing eliminates the risk of size mismatch or unexpected differences
- Users can try on clothing for a maximum of 10 days by making a down payment on the item

Please see Defactostandard's Financial Results Briefing released on 1 February

Incubation Business



Set a precedent for investing in Marketplaces in the **Next China** (India, Southeast Asia)

INDIA

SHOPCLUES.COM

Sendo

VIETNAM

ZILINGO



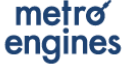





























THAILAND

INDONESIA

tokopedia

Ralali.com

List of Main Investments (in order of investment ratio)

	Emerging Countries		Other		
	India	Other	USA	Japan	Other
+10%		Turkey 	The Philippines 	 	
5~10%	 	Vietnam 	Multiple African Countries 		
1~5%	   	Indonesia  Turkey  Thailand 	Ralali.com  Bangladesh  The Philippines 		   
<1%	 	Indonesia 	  Storefront 		Great Britain 

Indonesia's Largest Marketplace

tokopedia

**Secured 1.1 Bil. USD in financing from
SoftBank Vision Fund and Alibaba Group**

Released 12 December 2018

Indonesia's Largest Unicorn Company

BEENOS invested in April 2012

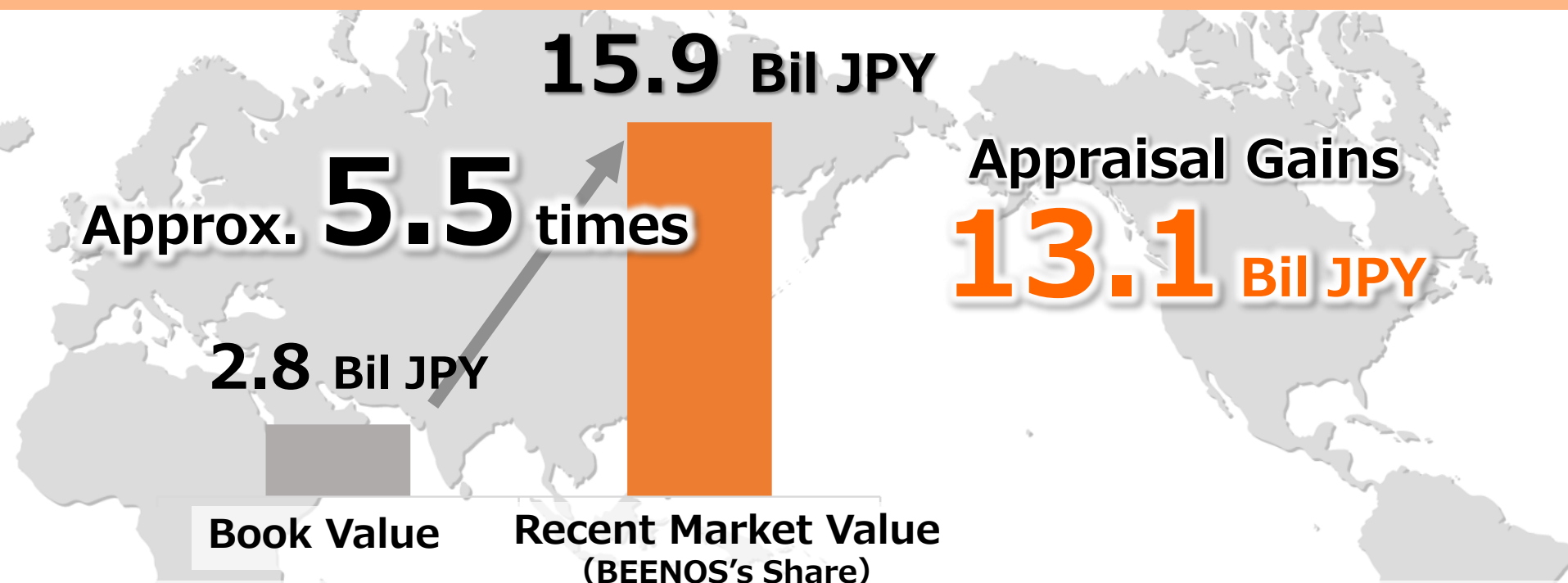
**Number of Stores
4.9 Mil.**

**Annual
Gross Billing
7 Bil. USD**

**Company
Valuation
7 Bil. USD**

Previously Released

Next update in 2Q (scheduled in April 2019)



【How we calculated the market value】

Listed Companies: Stock price as of 30 September 2018

Unlisted Companies: We calculate our total based on our number of shares with the price of the most recent stock issuance price. However for companies that have not issued stock within 1 year and have recorded allowance for loss on investment have been priced at book value.

This amount has been calculated internally and has not gone through the auditing process.

【Future release schedule】

We plan on releasing the valuation of our investments on a semi-annual basis (September and March).

We may also disclose information at times of sales of investments, etc. if we feel that it is relevant.

GMV

Progressing according to the forecast

Sales

5.6% increase YoY when excluding netprice

Operating Income

Recorded losses due to the increase in advertising costs in the Value Cycle Business and developmental costs in the Cross Border Business. Both expected to be resolved in 2Q.

A large, realistic image of the Earth as seen from space, showing the Americas and surrounding oceans. It is centered behind the main title text.

GLOBAL PLATFORMER

On the **Global Platform Frontier** to connect Japan with the World

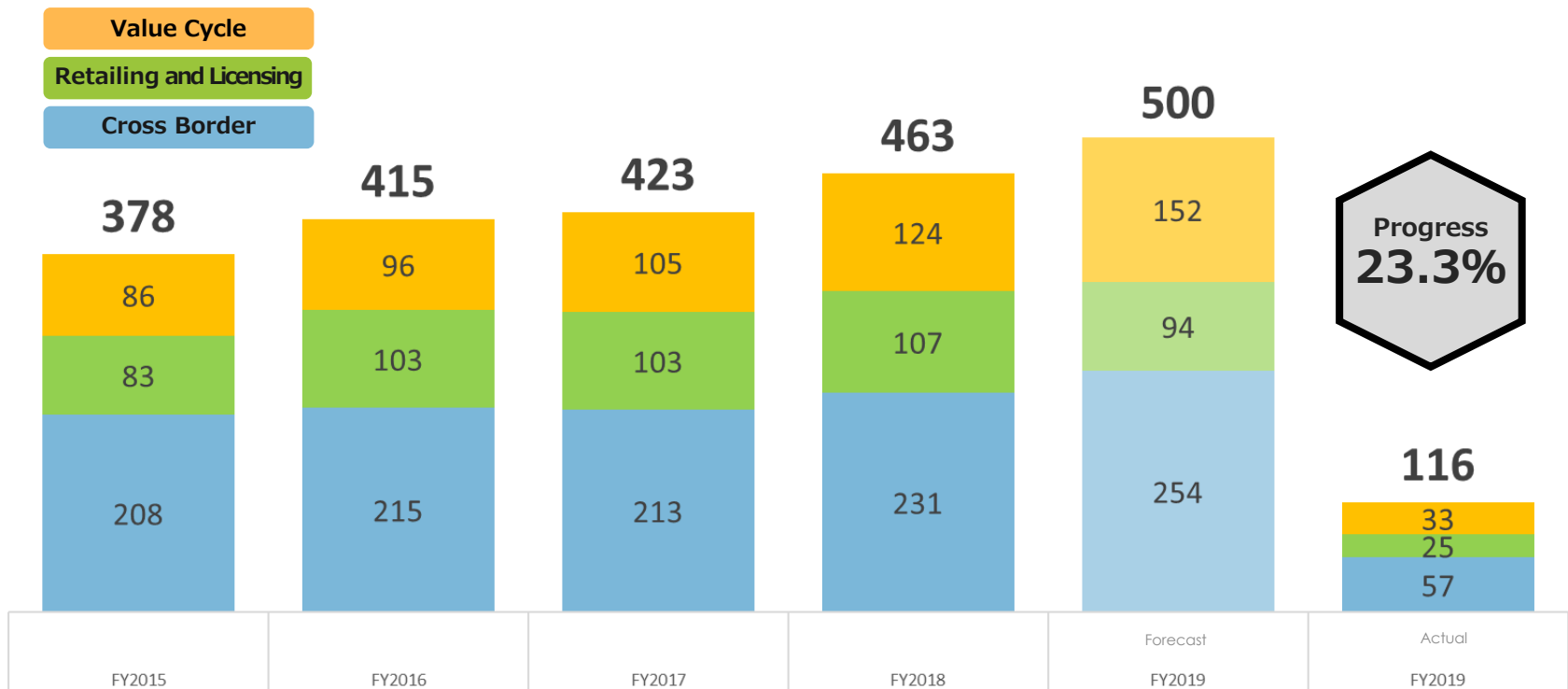
Reference Materials



FY2019 GMV Progress Report

- Will not disclose forecast for FY2019
- GMV disclosed as a reference
 - Not logical to forecast the timing and amount of sales of operational investment securities
 - Need to be flexible in timing and amount to invest in new businesses

(Unit : 100 mil JPY)



Forecast to the same amount of the dividends in FY2018

	Dividend per share (JPY)			Payout Ratio
	End of 2Q	Year-end	Total	
FY2018	0.00	13.00	13.00	17.2%
FY2019 (Forecast)	0.00	13.00	13.00	-

BEENOS continues to invest in emerging countries in Asia other than China that are expected to grow in the future

Markets that follow China
(NEXT CHINA) are the
main targets



India



Indonesia



Other

	B2C Online marketplace	January 2013
	Online marketplace for secondhand cars	July 2014
	E-commerce solution	October 2014
	Price comparison service	April 2015
	Mobile fashion marketplace	December 2015
	Online C2C real estate marketplace	February 2016
	In-home physical examination marketplace	August 2016
	Online B2B industrial goods marketplace	December 2016
<hr/>		
	C2C Online marketplace	April 2012
	Mobile on demand platform	March 2018
	Online B2B industrial goods marketplace	June 2016
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	Price comparison service	May 2013
	Online payment service	June 2013
	Online marketplace (Vietnam)	December 2014
	Online payment service (the Philippines)	January 2015
	Online remittance service (the Philippines)	July 2014
	Mobile money (African countries)	January 2014
	Fashion marketplace (Thailand)	August 2016
	Mobile payment service (Bangladesh)	June 2017

Group Companies Profile

Subsidiaries



tenso

Operates a package forwarding business (tenso.com) and a proxy purchasing business (Buyee) to purchase and forward products from Japan to foreign countries



Shop Airlines

Operates "Sekaimon" A global shopping service that is linked with the world's largest online marketplace "eBay".



Defactostandard

Operates "Brandear" an internet exclusive that purchases items from individuals non-face-to-face. "Brandear" has the largest number of users for brand-name internet buyback services. It then sells the items on "Brandear Auction".



JOYLAB

Operates 5 domestic alcoholic beverage purchasing stores "Joy Lab" to purchase alcoholic beverages from users and then sells them on its EC site "teikokushuhan" and other domestic EC malls.



monosense

Connects Japanese celebrities and characters with product developers to create new products. A one-stop service for product development as it does promotional activities, operates licensing rights and manages, sells and operates licensed products on EC websites.

Subsidiaries



SWATi

Interior goods brand that creates items such as hand made candles under the concept of "cute objects", "playful minds" and "expected, but non-existent".



BeeCruise

BeeCruise uses BEENOS's "Experience", "Network" and "Cumulative Data" as its strongholds and wields them with the use of IT to create catalysts for existing businesses and develop new business opportunities



BEENOS Asia

Investment in emerging countries. A Singapore based subsidiary.



BEENOS Partners

Investment in startup companies in USA



BEENOS Plaza

Investment in startup companies in Indonesia

Affiliates



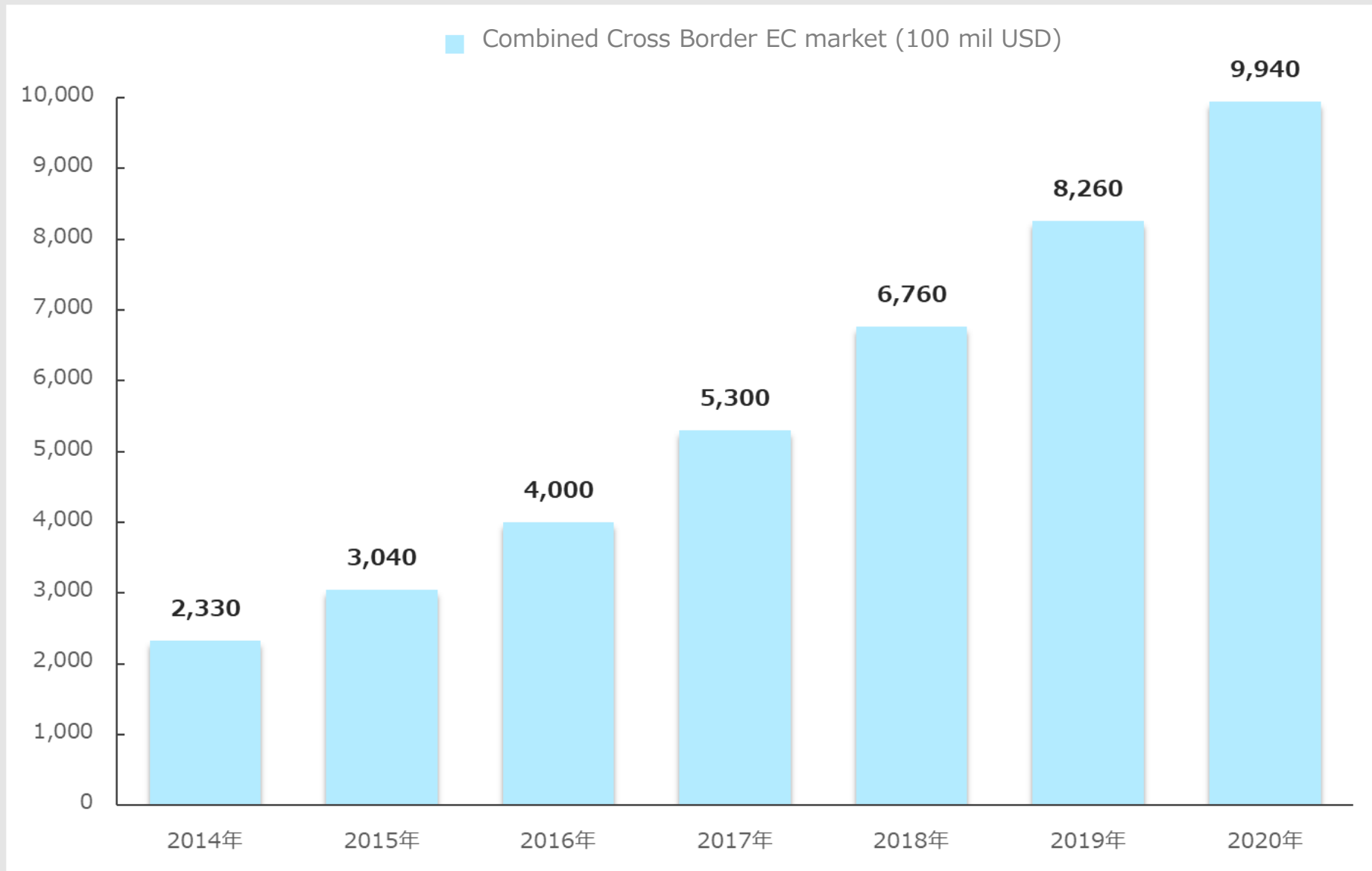
Open Network Lab, Inc.

Startup Accelerator program for startups intending to expand their business in the world

Market Data



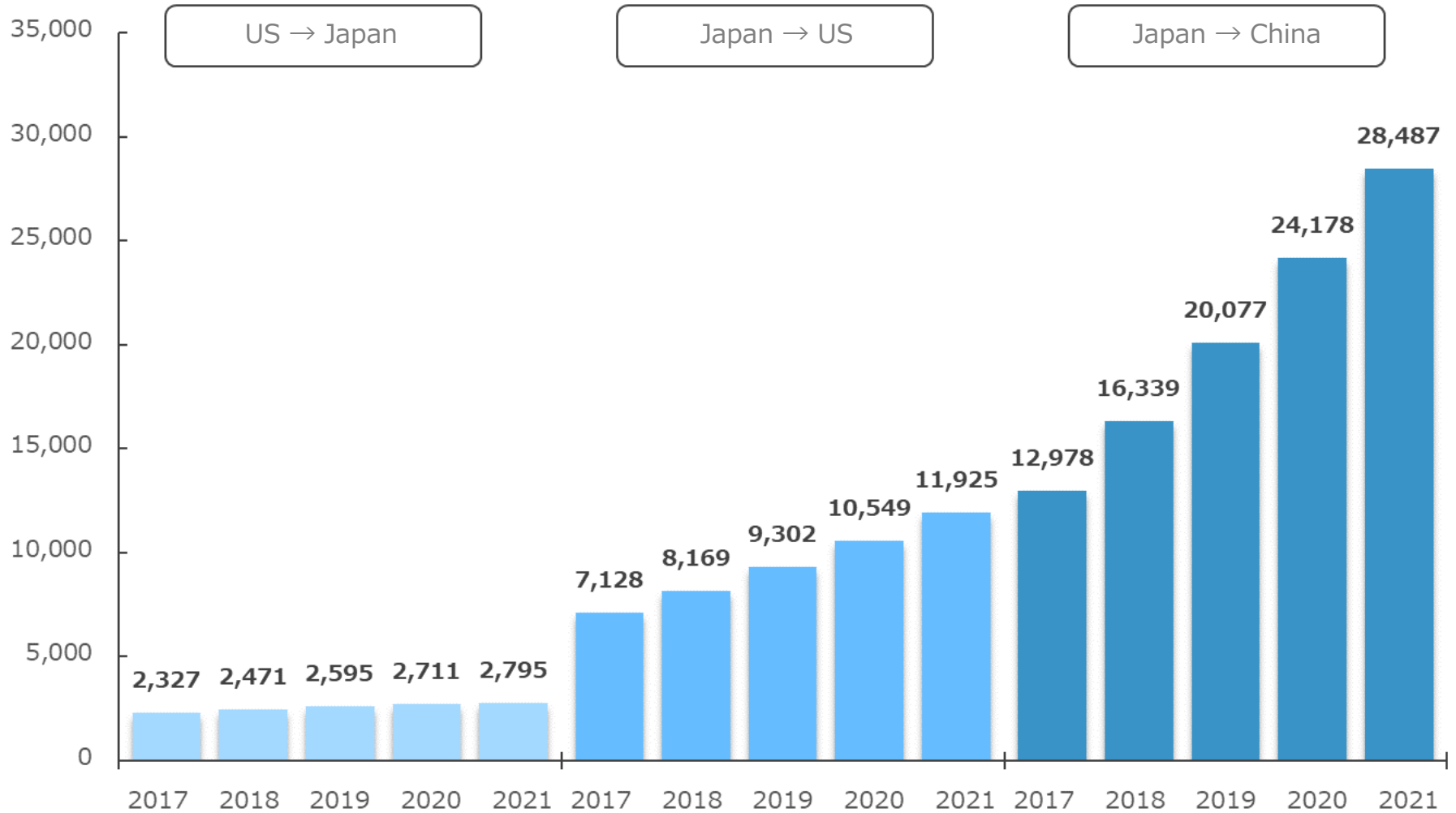
Cross Border E-Commerce Market size in Japan, US and China



Reference : Alizila, Jan2017

Cross Border E-Commerce market between countries

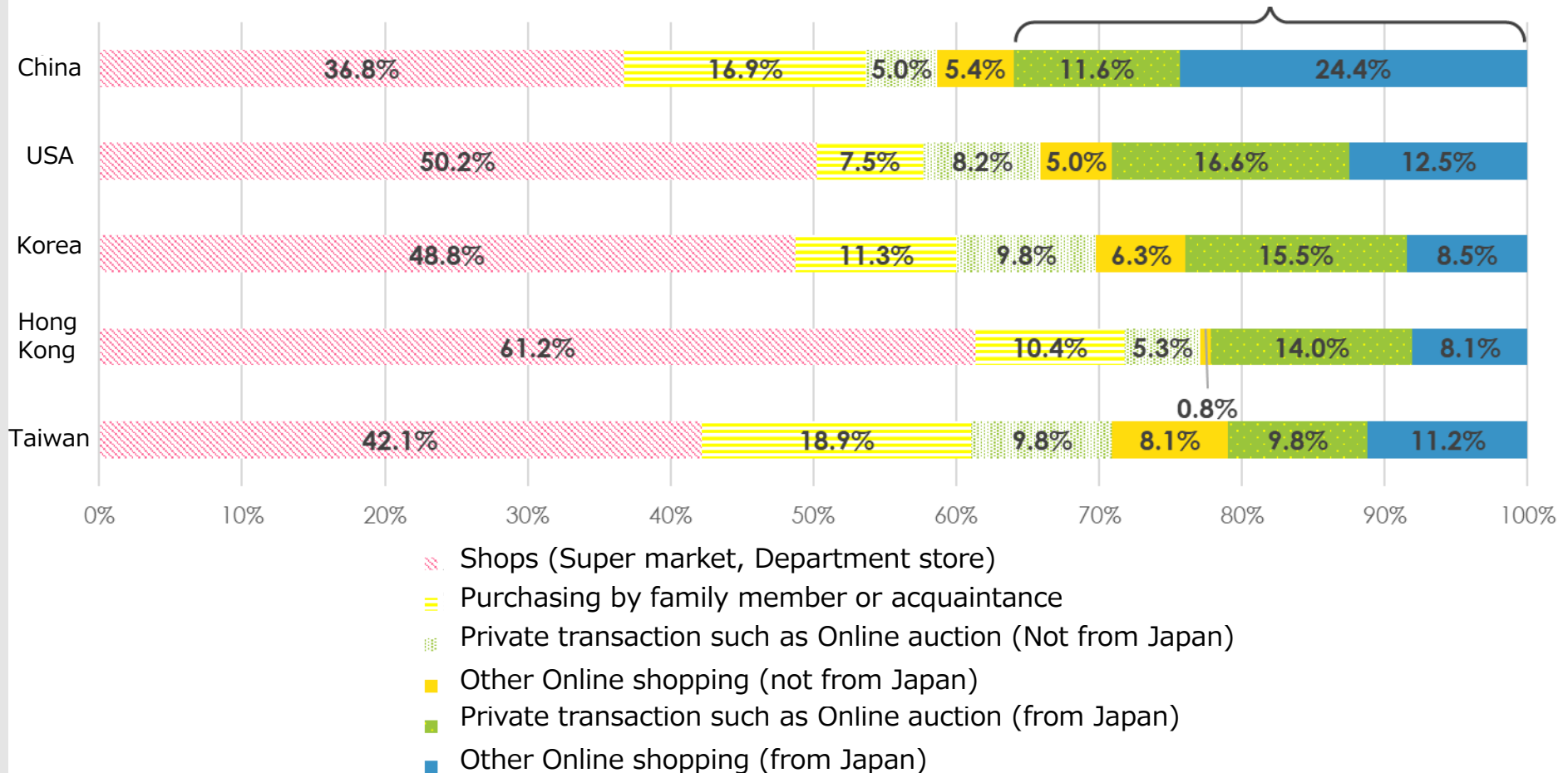
(Unit : 100 mil JPY)



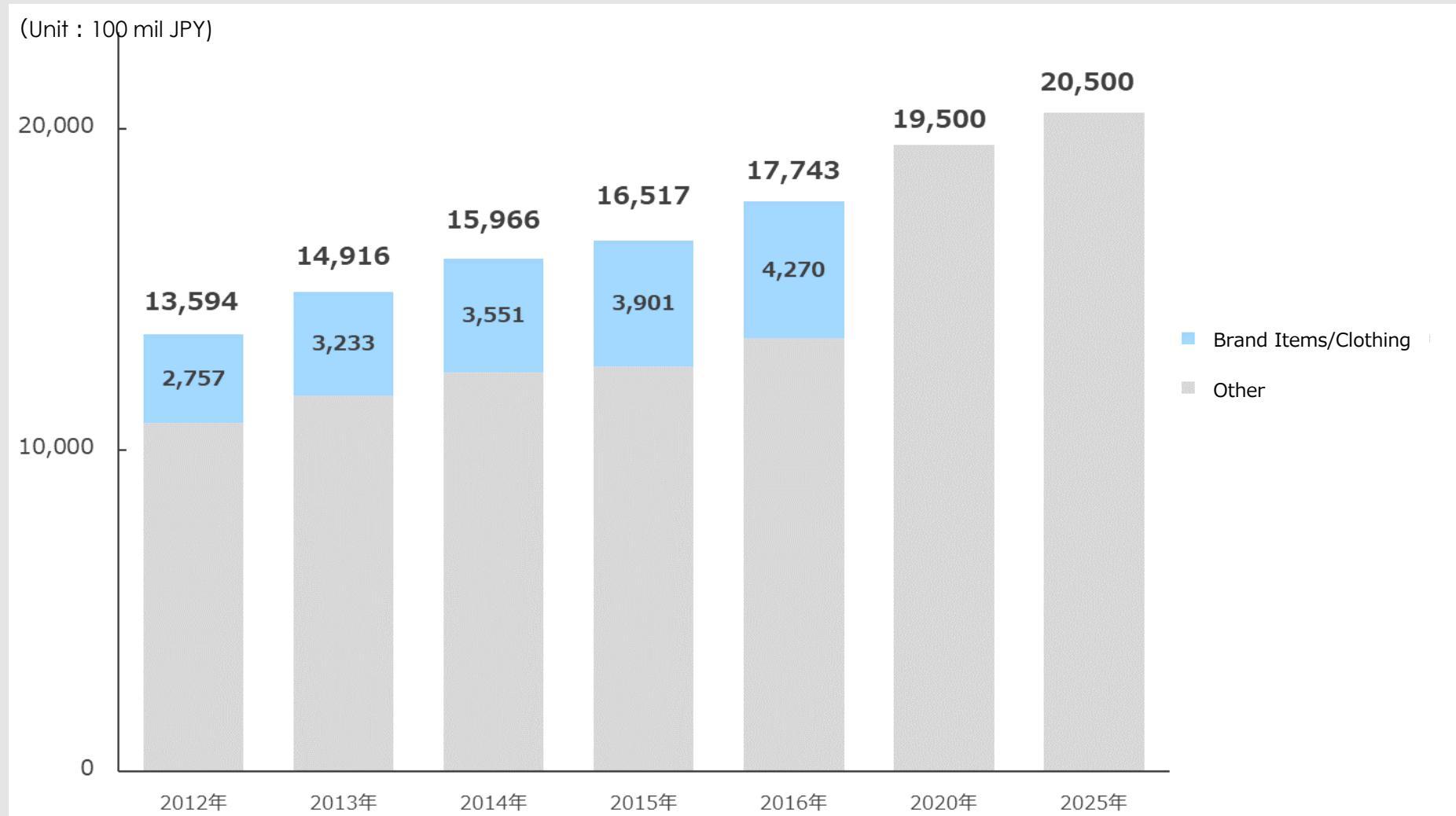
Reference : Ministry of Economy, Trade and Industry Data from hearing surveys to research institutions, written accounts and E-Commerce Businesses

How to purchase Japanese products

Purchase via cross border EC

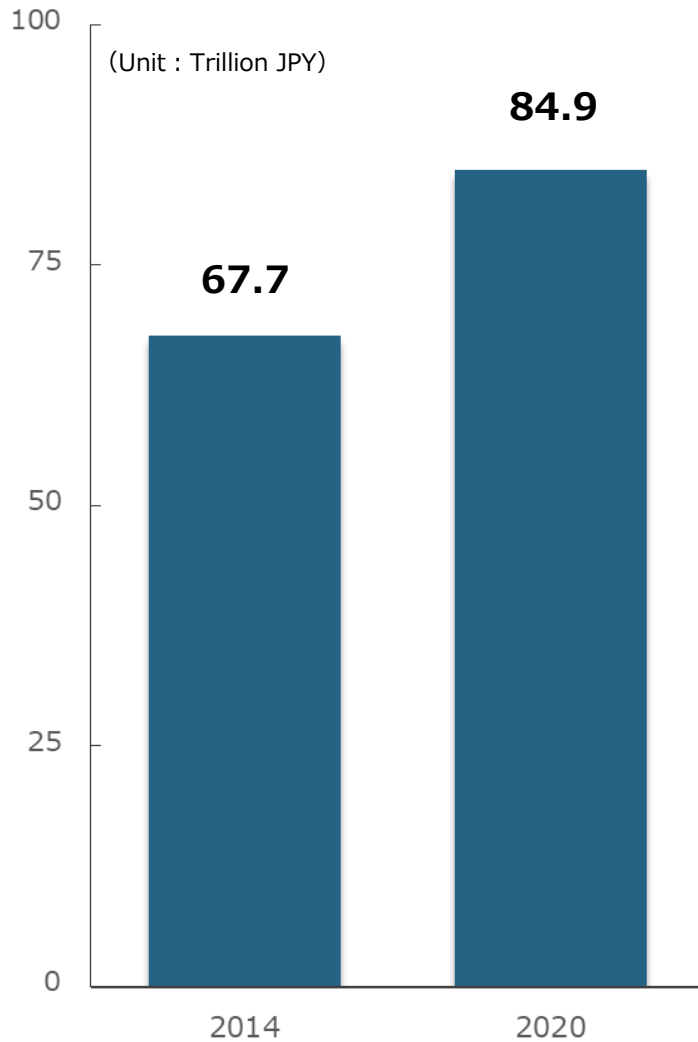


Reference : Survey of Japan Tourism Agency

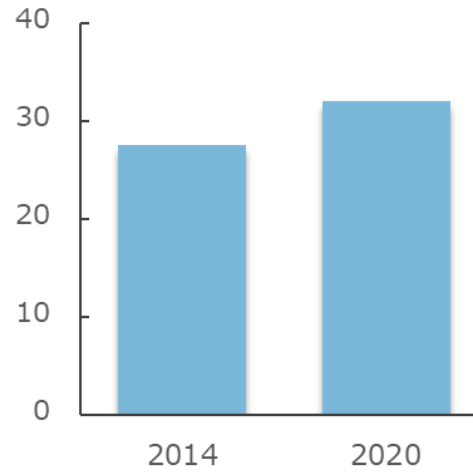


Reference : Compiled internally based on "Recycle News: the data book of secondhand market 2018" report by The Remodeling Business Journal

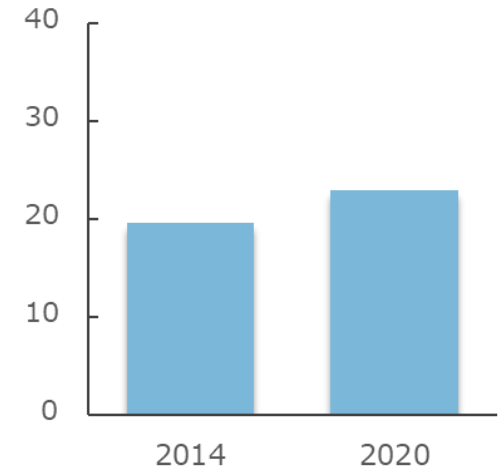
International Contents Market



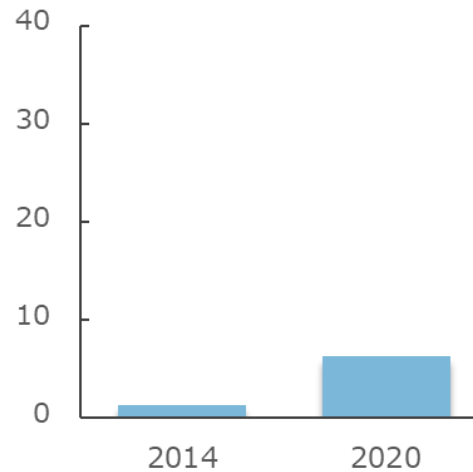
North America



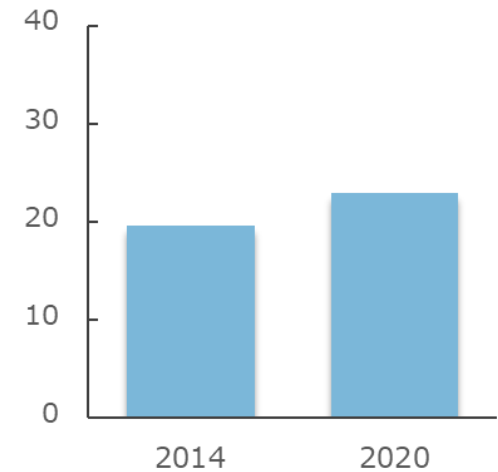
Europe/Middle East/Africa



South America



Asia Pacific



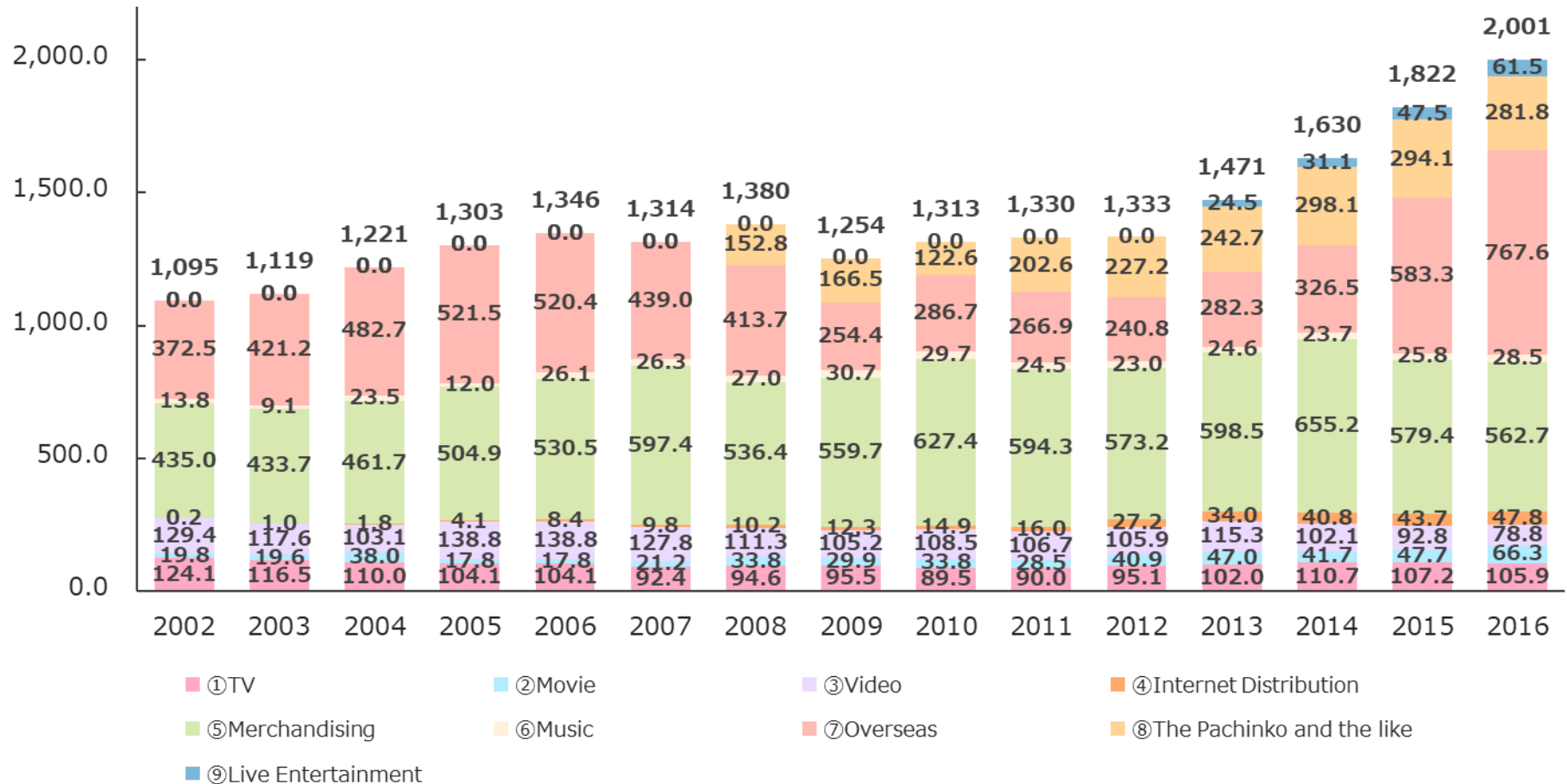
Japanese Anime Market

(Unit : 1 Bil JPY)

Japanese animation market trends in a broad sense

(i.e. market size based on estimated revenues in animation and animation-related markets)

〈2002 – 2016〉



Reference: Based on questionnaires conducted by the Association of Japanese Animations and statistics released to the public