



FY2019 3rd Quarter
Financial Results Briefing



Quarterly Financial Results

April ~ June 2019

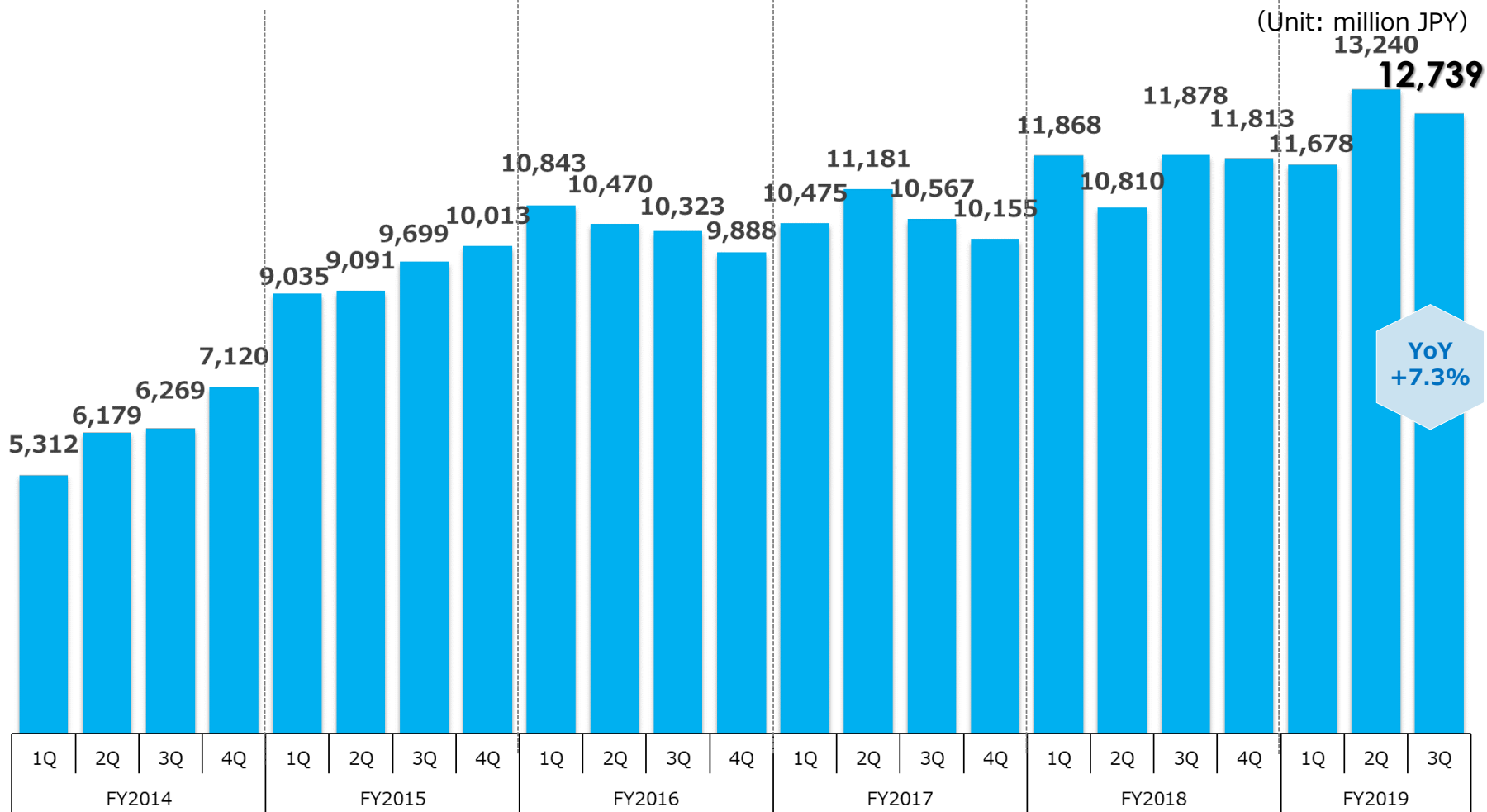
Vice President and Group CFO
Koji Nakamura

	実績	前年比
GMV	12.73 Bil JPY	+7.3%
Net Sales	5.87 Bil JPY	△5.1%
Operating Income	△57 Mil JPY	-

- Cross Border Business GMV, Net Sales and Operating Income record high: Operating Income 250 Mil JPY (YoY +51.5%)
- Value Cycle Business in a slump: Operating Loss 99 Mil JPY (FY2018 3Q Operating Income 34 Mil JPY)
- Signed contract to sell operational investment security (334 Mil. JPY gain on sale expected to be booked soon)

Quarterly Consolidated GMV

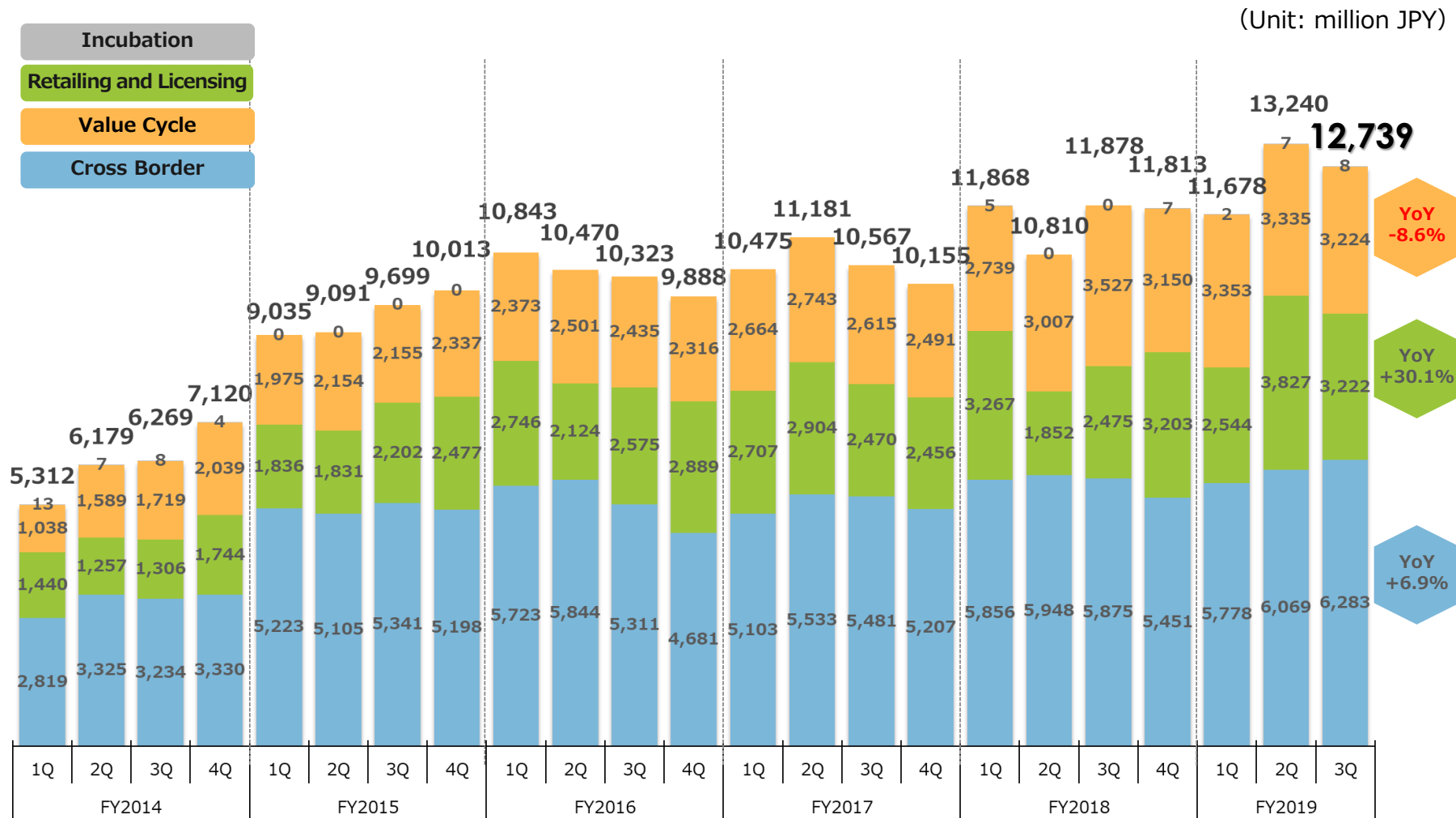
➤ Increase 7.3% YoY. Record high for 3Q.



*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 GMV(Segment Breakdown)

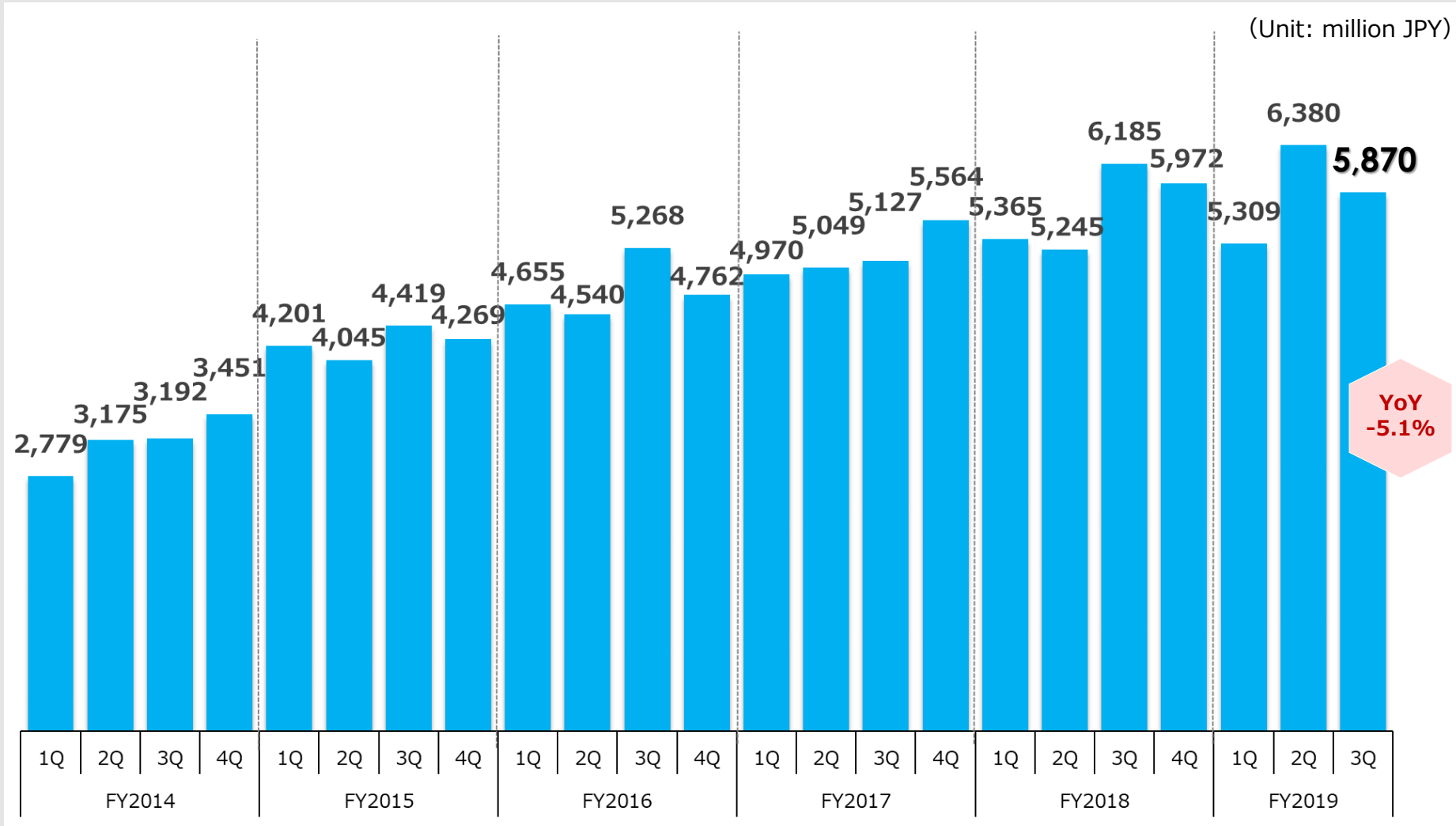
- Record high in Cross Border. Value Cycle in a slump.



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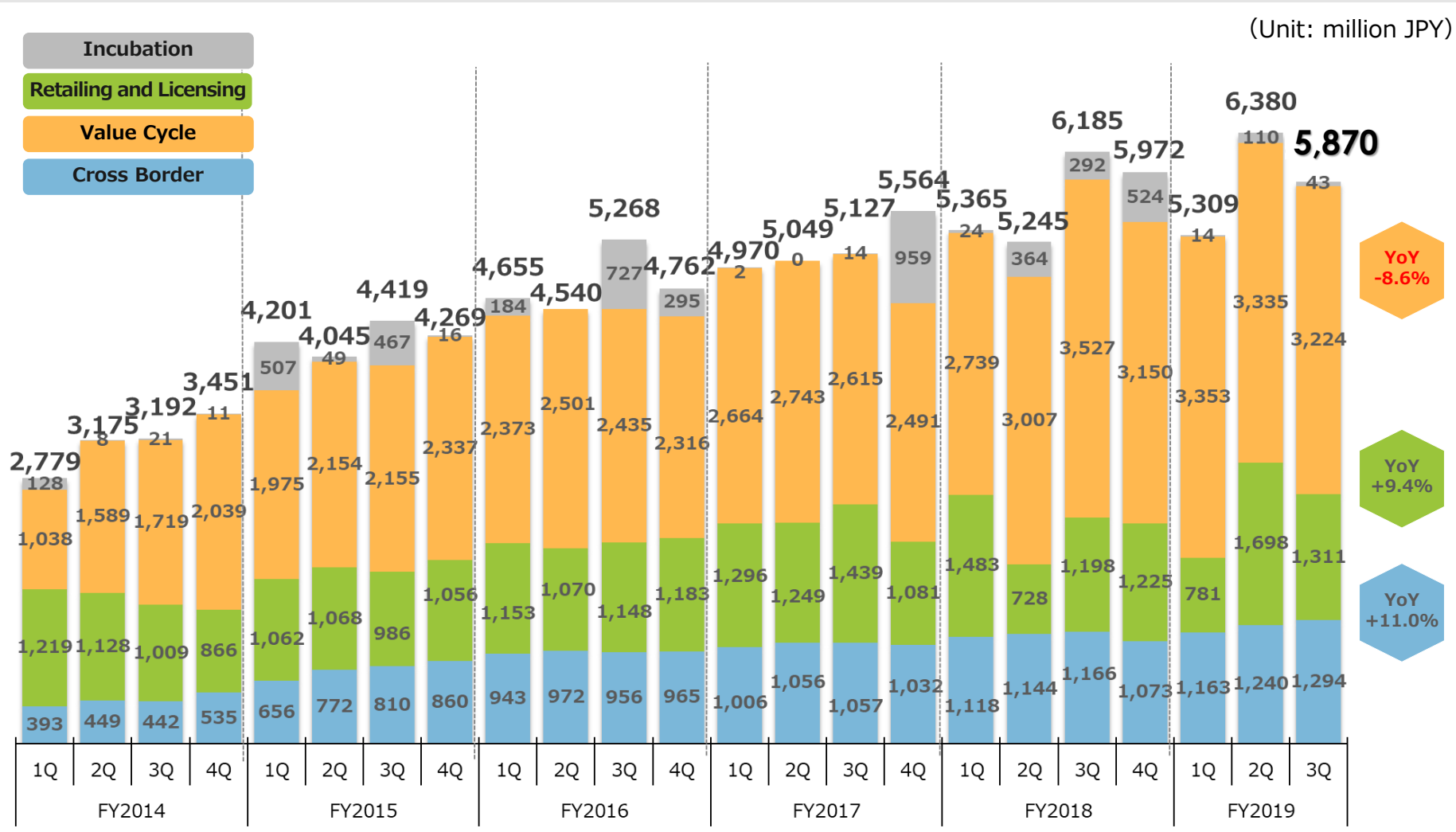
Quarterly Consolidated Net Sales

- Minimal sales of operational investment securities led to 5.1% decrease YoY



Quarterly Consolidated Net Sales (Segment Breakdown)

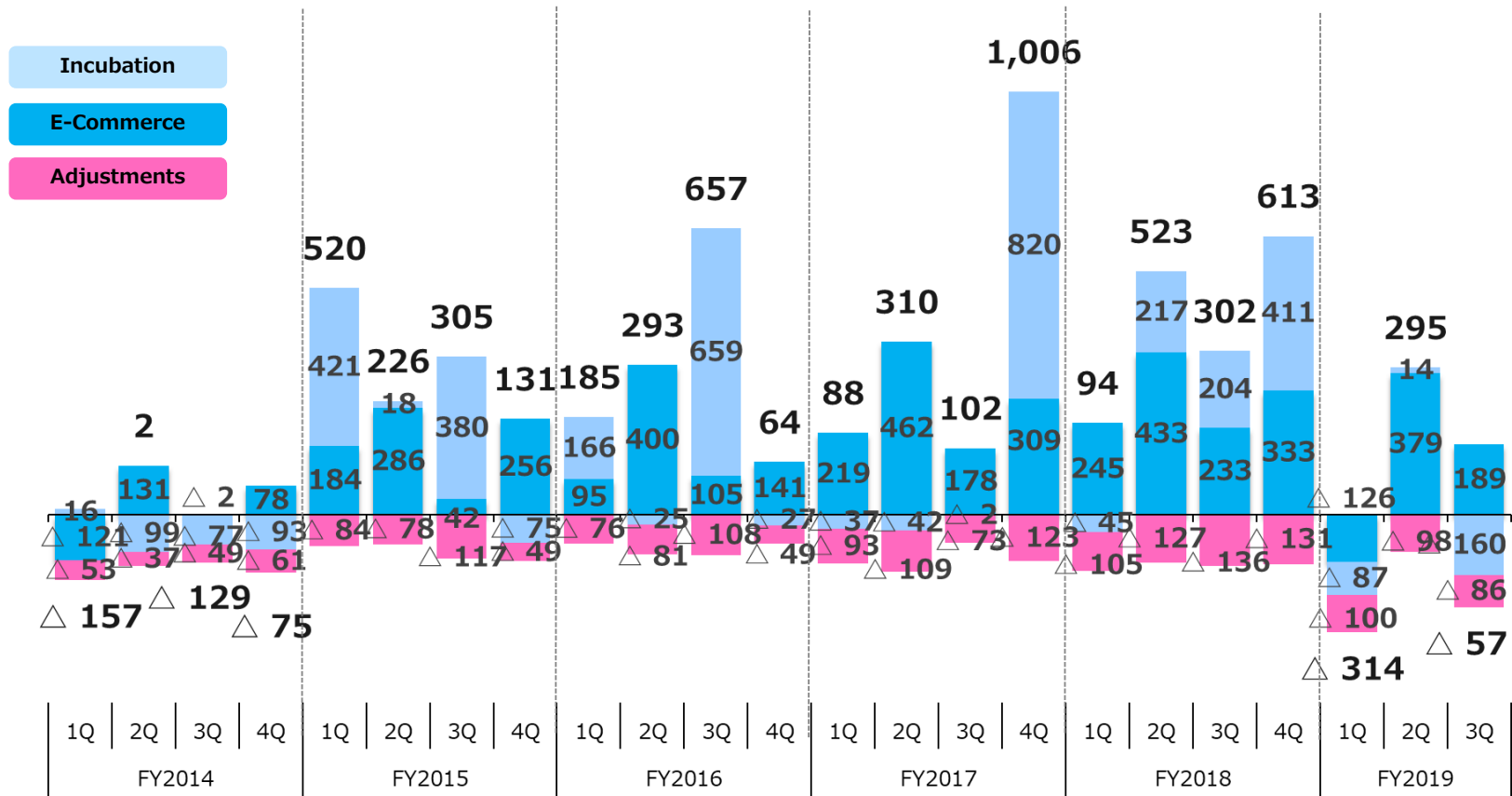
- Record high in Cross Border. Value Cycle in a slump.



Quarterly Consolidated Operating Income

- Losses in the Incubation Business include costs in creating new businesses and appraised losses of operational investment securities

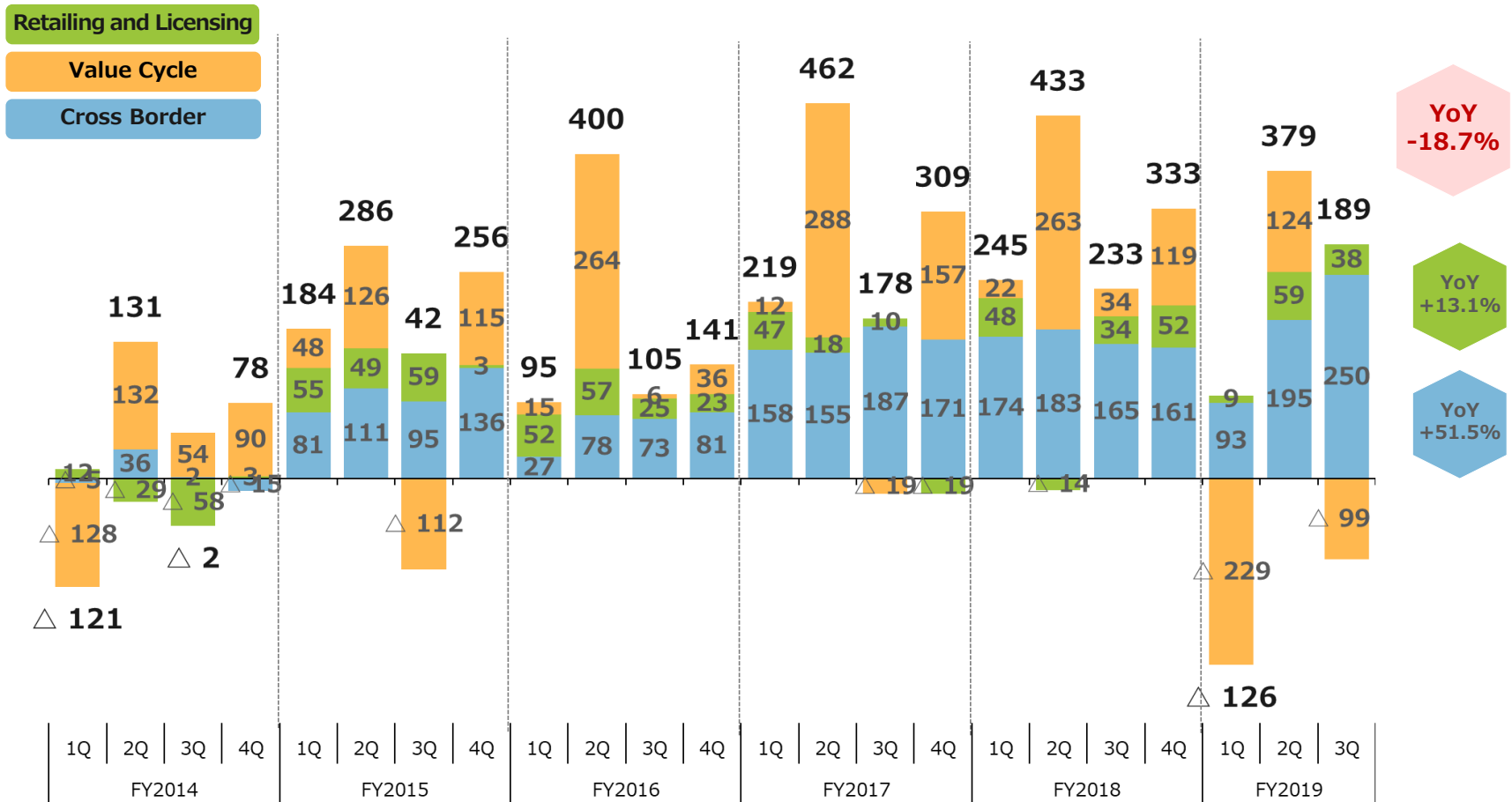
(Unit: million JPY)



Quarterly Consolidated Operating Income (Segment Breakdown)

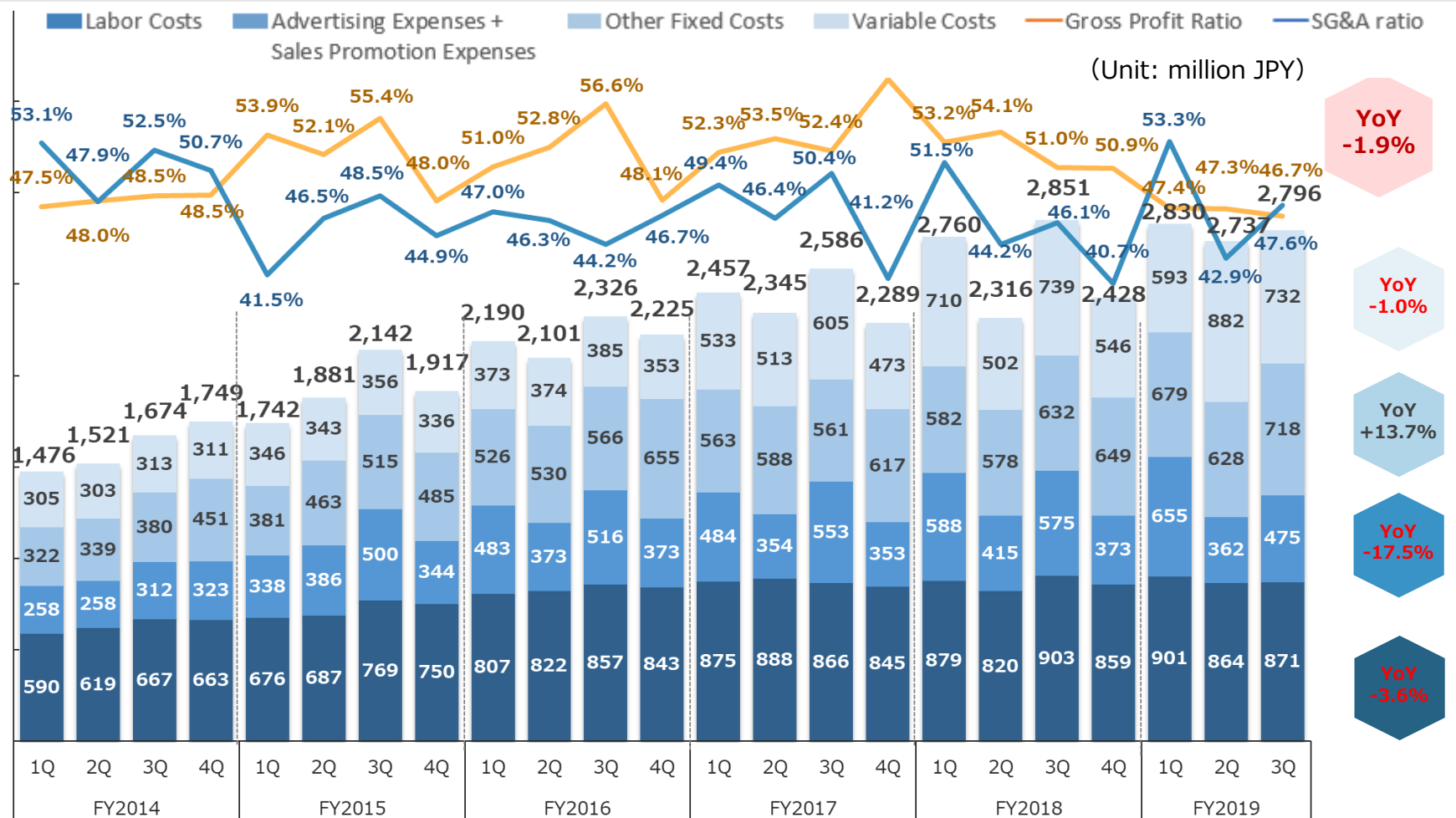
- Record high in Cross Border. Value Cycle in a slump.

(Unit: million JPY)



Quarterly Gross Profit Ratio and SG&A

- Value Cycle moderated spending on advertising
- Other fixed costs increased due to promotion costs in Cross Border and developmental costs in Incubation

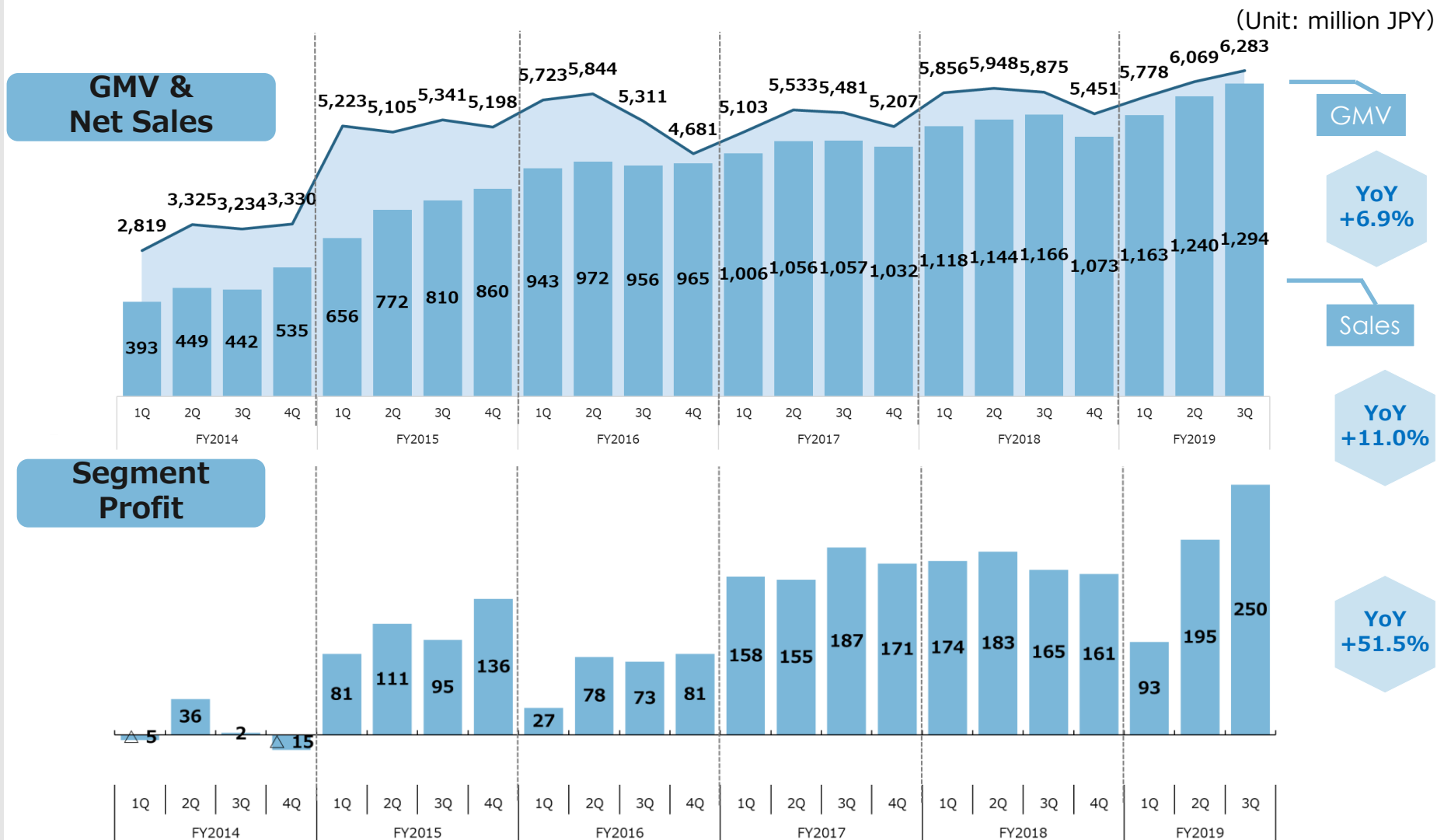


※ Bonuses are included in other fixed costs on a quarterly basis

※ 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

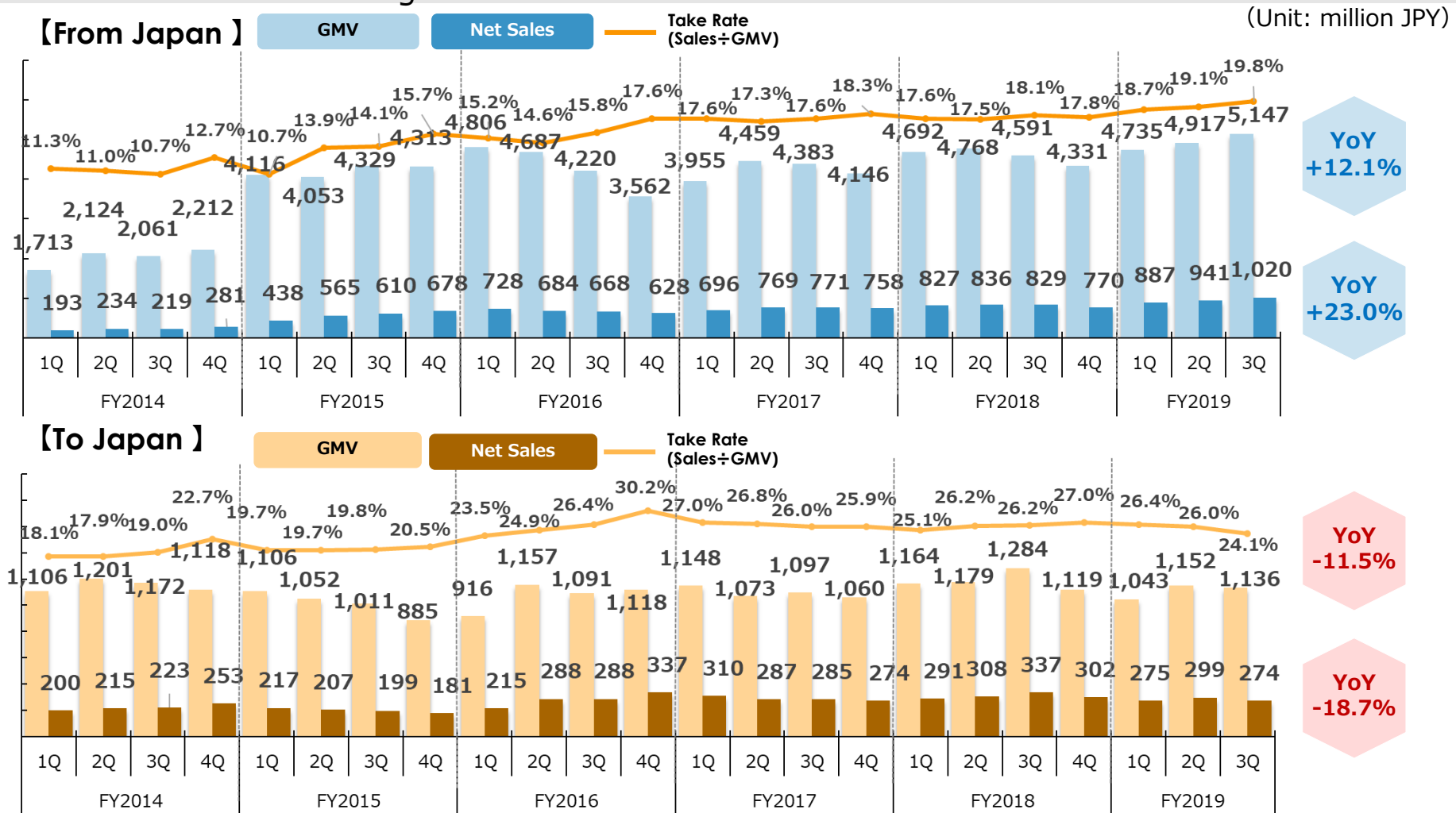
Cross Border Business Performance Results

- Record High in GMV, Sales and Profit. Successful promotional efforts and reallocating resources, including HR, fortified profitability



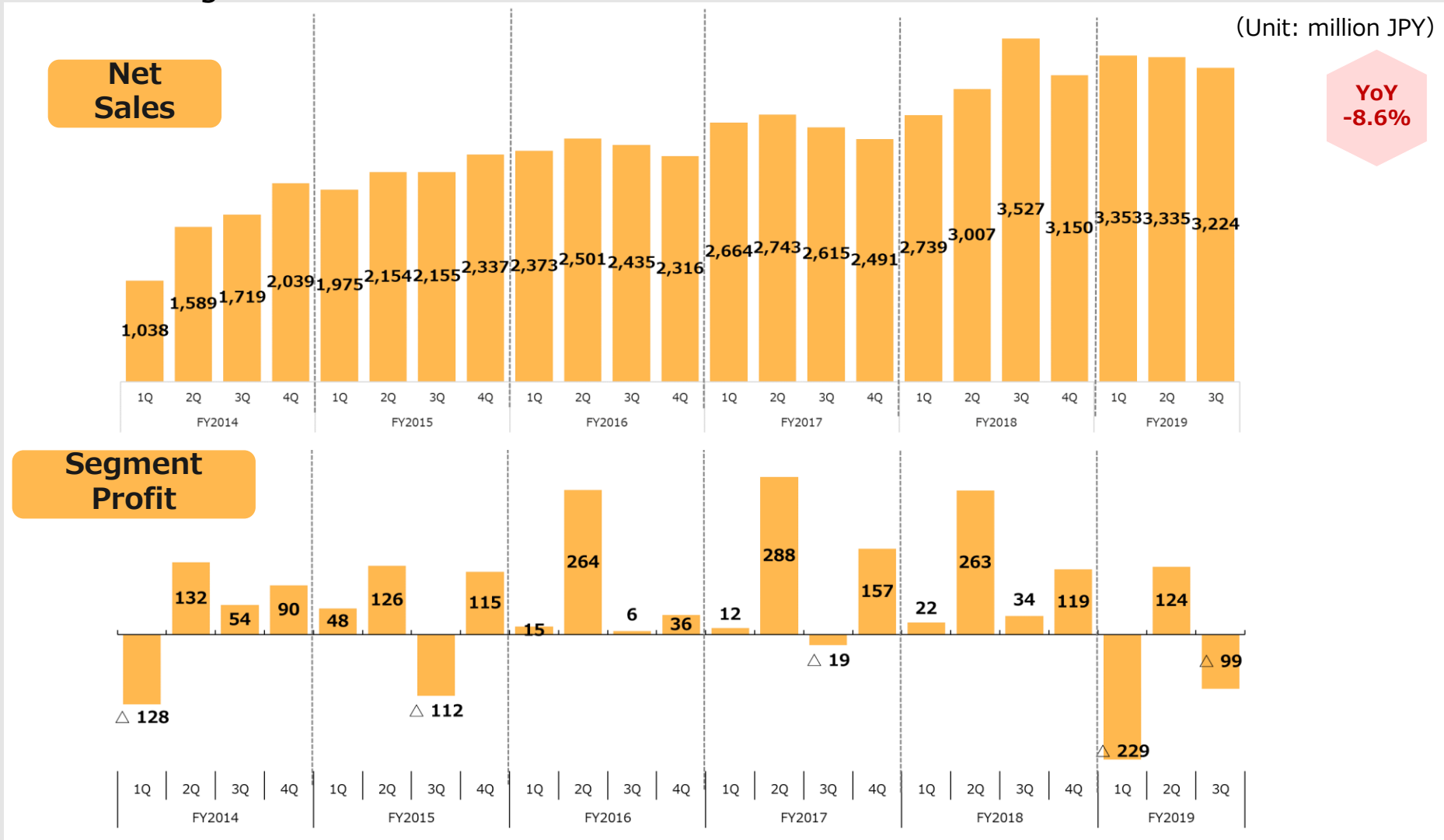
Cross Border Business GMV, Sales and Take Rate

- From Japan: Shift to Buyee (Proxy Purchasing Business) led to higher Take Rate
- To Japan: SEO issues from 1Q resolved but have not recovered YoY. Take Rate decrease due to change in affiliate fees.



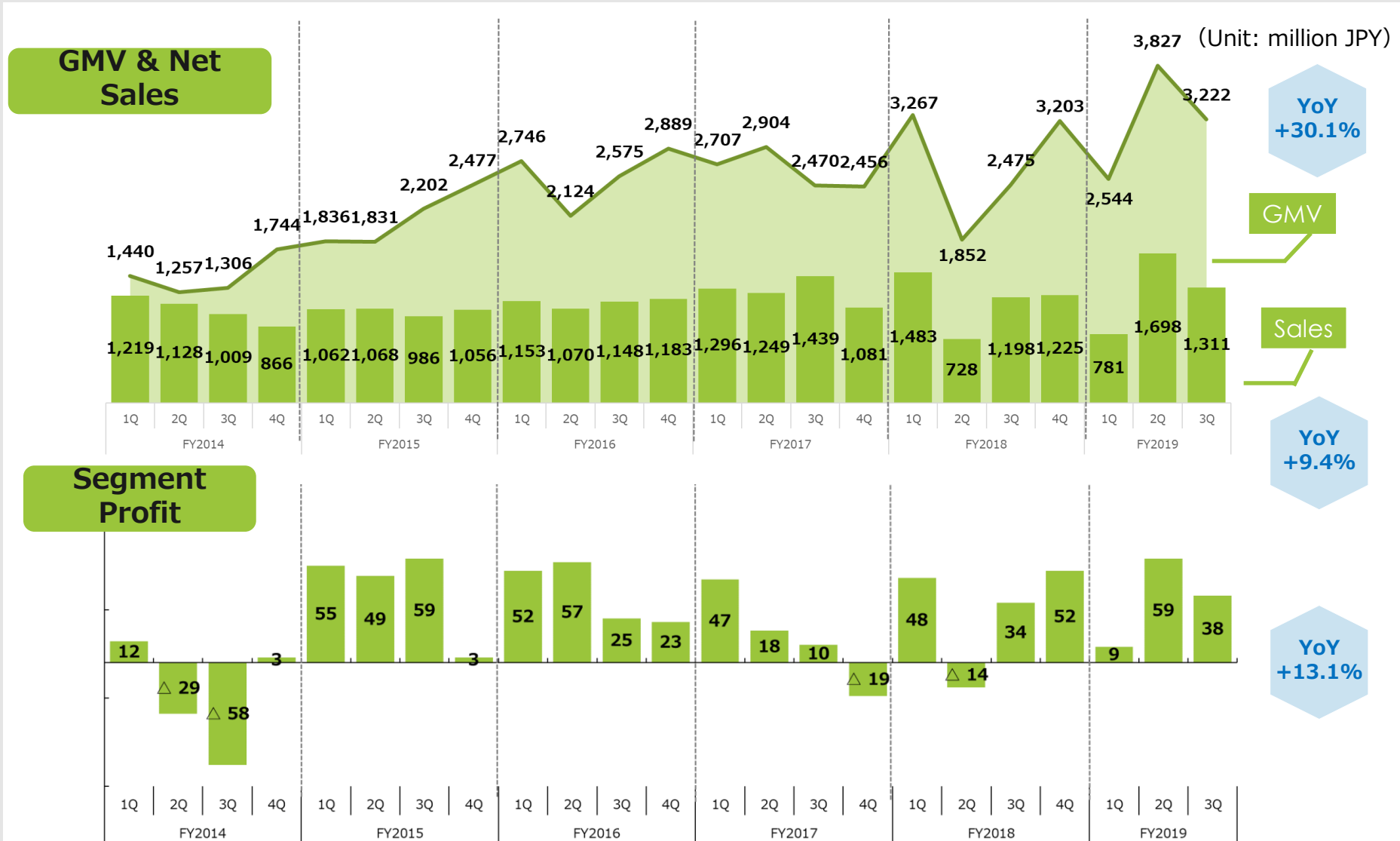
Value Cycle Business Performance Results

- Sales decrease due to delay in listing items because of allocating resources to purchasing side in May. Shift in higher ticketed items led to higher profit margins resulting in losses



Retailing and Licensing Business Performance Report

- Entertainment Business continues to thrive. Record high 3Q GMV.

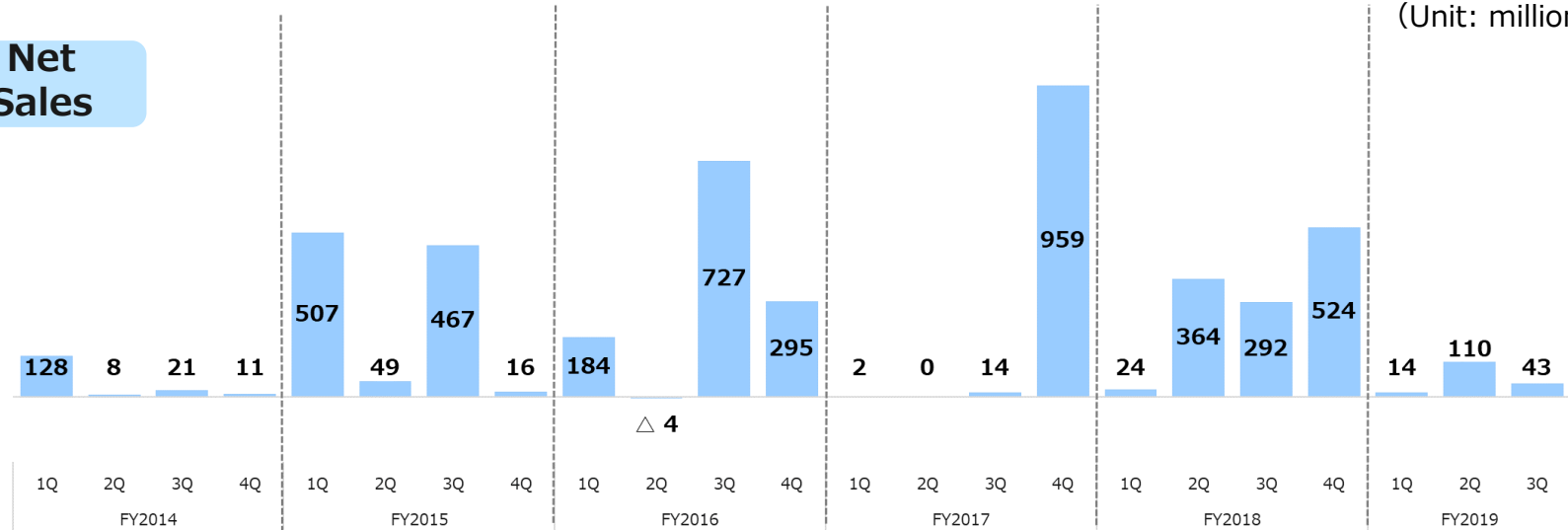


Incubation Business Performance Report

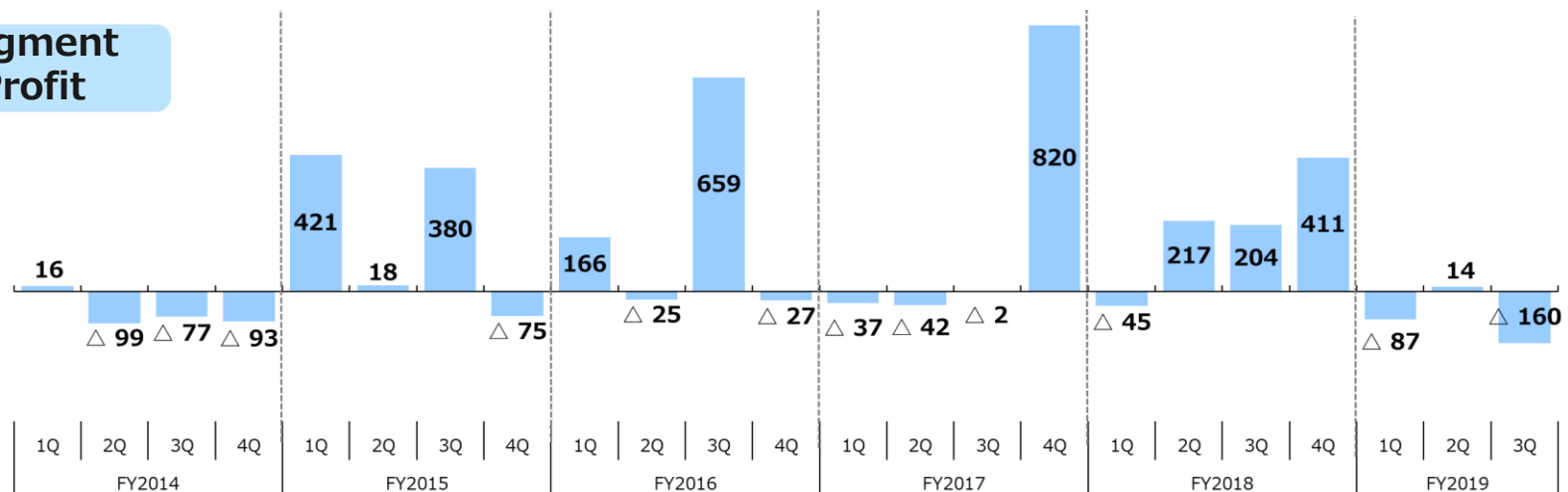
- Minimal sales of operational investment securities. Losses due to spending in the creation of new businesses and appraised losses.

Net Sales

(Unit: million JPY)



Segment Profit



Quarterly Consolidated Profit & Loss Statement

Unit: Million JPY	3Q/FY2018	3Q/FY2019	YoY
Sales	6,185	5,870	△ 5.1%
Gross Profit	3,153	2,739	△ 13.1%
Gross Profit Ratio	51.0%	46.7%	△ 4.3p
SG&A	2,851	2,796	△ 1.9%
SG&A Ratio	46.1%	47.6%	+1.5p
Operating Profit	302	△57	-
Operating Profit Ratio	4.9%	-	-
Non-Operating Revenue	63	32	△ 48.7%
Non-Operating Expense	17	38	+124.7%
Ordinary Profit	348	△63	-
Ordinary Profit Ratio	5.6%	-	-
Income before Taxes, etc.	348	△63	-
Total Income Taxes, etc.	206	31	△ 84.8%
Profit attributable to non-controlling interests	△16	34	-
Net profit attributable to owners of parent	125	△60	-
Net profit attributable to owners of parent Ratio	2.0%	-	-

Value Cycle Business struggles

Shift to higher ticketed items in Value Cycle Business

Consolidated Balance Sheet

Unit: Million JPY	2Q/FY2019 March 2019	3Q/FY2019 June 2019	QonQ
Current Asset	14,904	13,981	△923
Cash and deposit	5,288	3,992	△1,296
Account Receivable	1,163	1,175	11
Operational Investment Securities	3,898	3,903	5
Products	2,616	2,721	104
Fixed Assets	2,352	2,363	11
Tangible Assets	442	426	△15
Intangible Assets	485	458	△27
Investment etc.	1,424	1,478	53
Current Liabilities	7,925	7,173	△751
Account Payables	759	462	△297
Short-term Loan	2,500	2,700	200
Fixed Liabilities	204	205	0
Net Asset	9,127	8,966	△161
	△475	△567	△92
Total Asset	17,257	16,345	△912

Difference in timing of GMV and payment in Retailing and Licensing

- Investments: 100 Mil.
- Appraised Loss: △95 Mil.



2 Business Sector Review

President and Group CEO
Shota Naoi

E-Commerce Business



Cross Border (Buyee/tenso.com)

Leads the Cross Border EC Industry with 10 years of experience

Steady increase in partnered sites and users

※ () Compared to 3Q FY2018

Partnered Sites

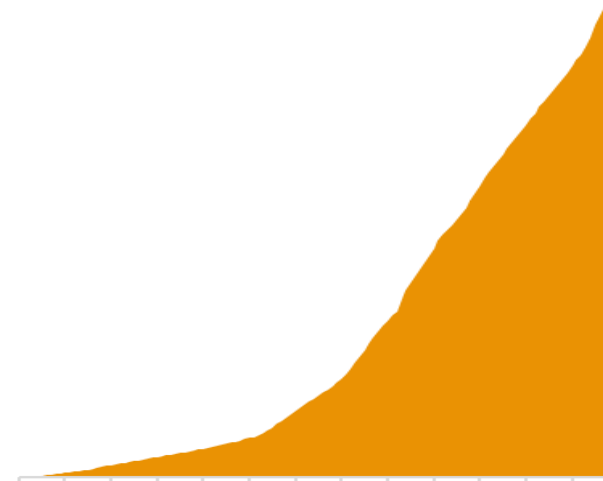
2,160 Sites

(+310 Sites)

Users

1.88 Mil

(+380K)

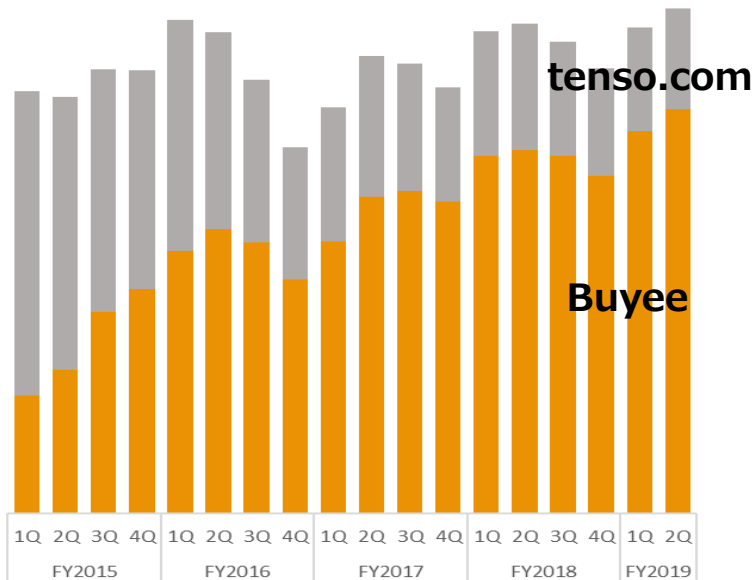


Record High Quarterly GMV

Strategically focusing on more profitable Buyee

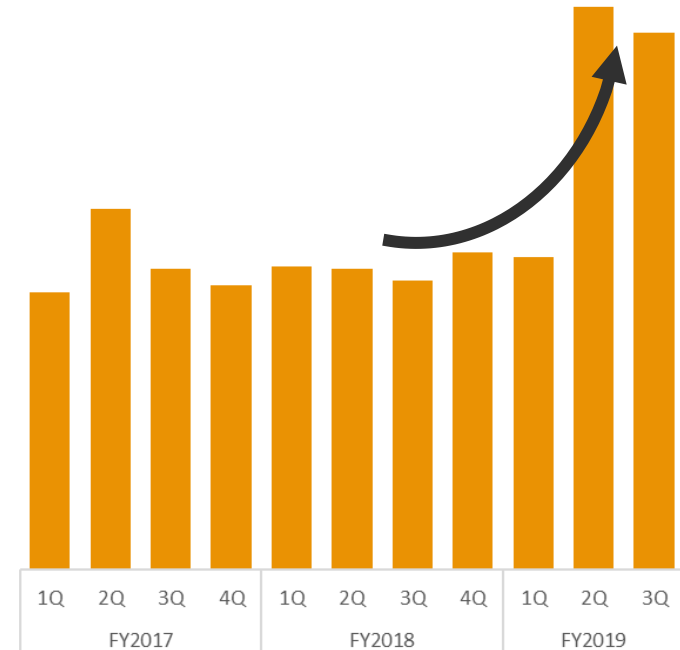
GMV

Buyee GMV increased 22% YoY



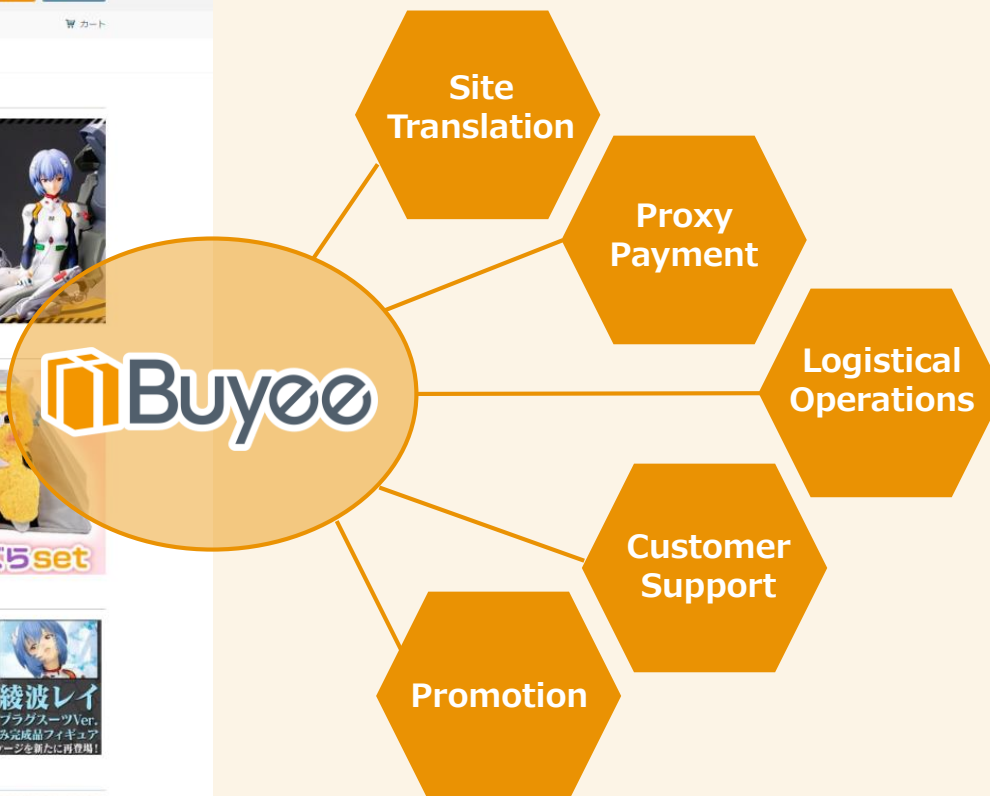
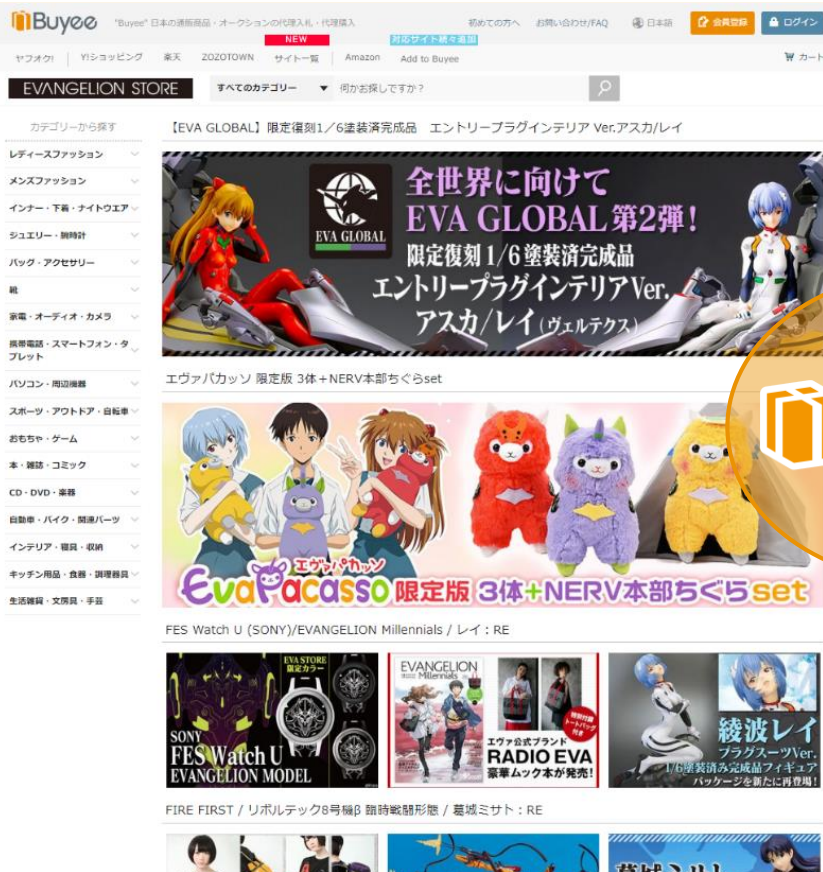
New Buyee Membership

Success in Tie-up style Global CRM led to 86% increase YoY



Supporting the globalization of Japan's leading Anime contents

Support Official Evangelion Global EC Site



Retailing and Licensing (monosense)

Producing Japanese “Contents” to distribute globally

Japan

600K+ Units Sold



Abroad

Globalization in Progress

TWN

Sold in 30 stores (April)

CHN

**Displayed in exhibition
in Shanghai (May)**

HKG

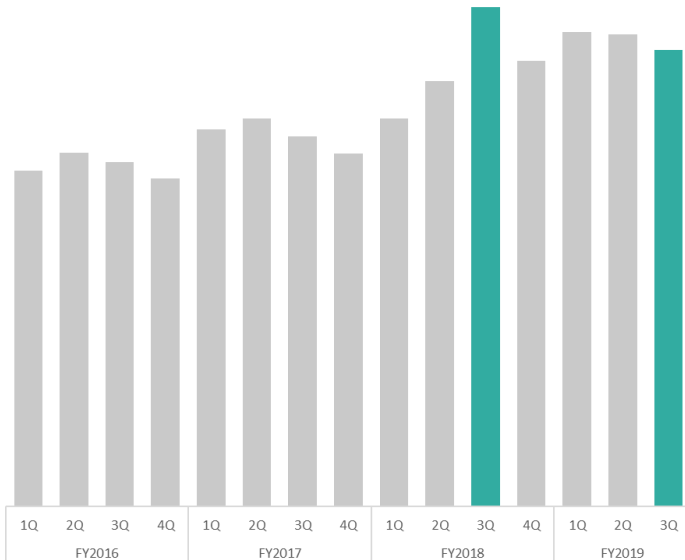
Commenced sales (July)

Value Cycle (Brandear)

Net Sales

9.4% decrease YoY due to sluggish sales on in-house platform and delay in sales because of long holiday in May

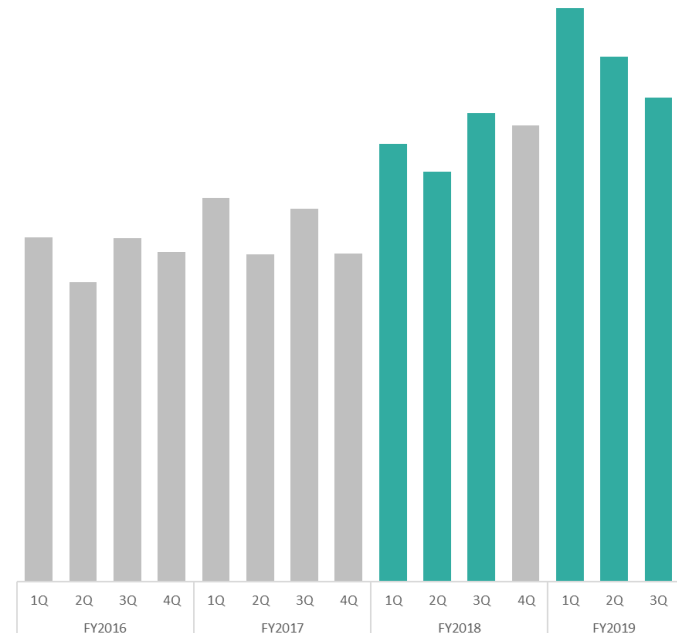
Net Sales



Purchase

Focusing on purchasing higher ticketed items led to 20.3% increase in purchases (cumulative 3Q). Will be selling 3Q items purchased in 4Q.

Total Purchasing Amount

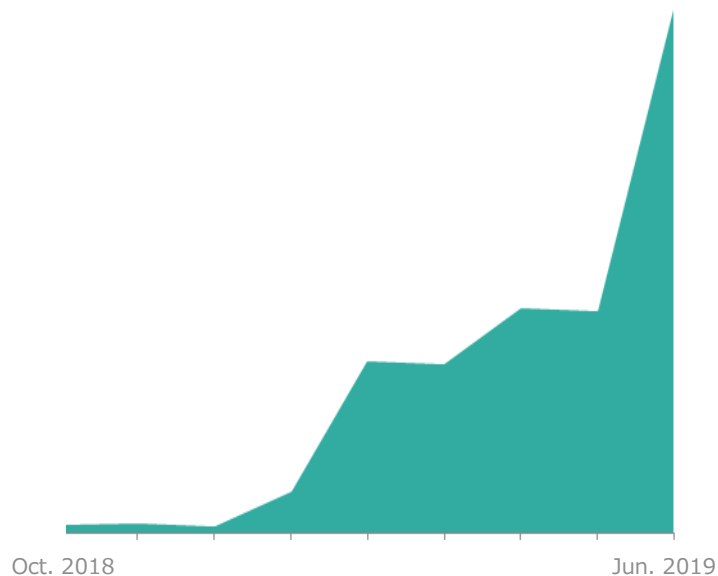


Value Cycle (Brandear)

Push new services that rides on the strength of the “B” of CtoBtoC

Try On Service Users

3,000+ people



Potential in Try On Service

Lowers the hurdle to buy
leading to increase in new users

Service needs such as assurance and
convenience become notable

Strengthen Rental Service

Find other needs that Businesses can provide that can
lead to more contact points with users and
increases service capability

Incubation Business



New Business

Global Fashion EC Mall FASBEE Officially Opened in July

First Installment of Vertical EC
Taking Japanese apparel to the world

Number of Brands

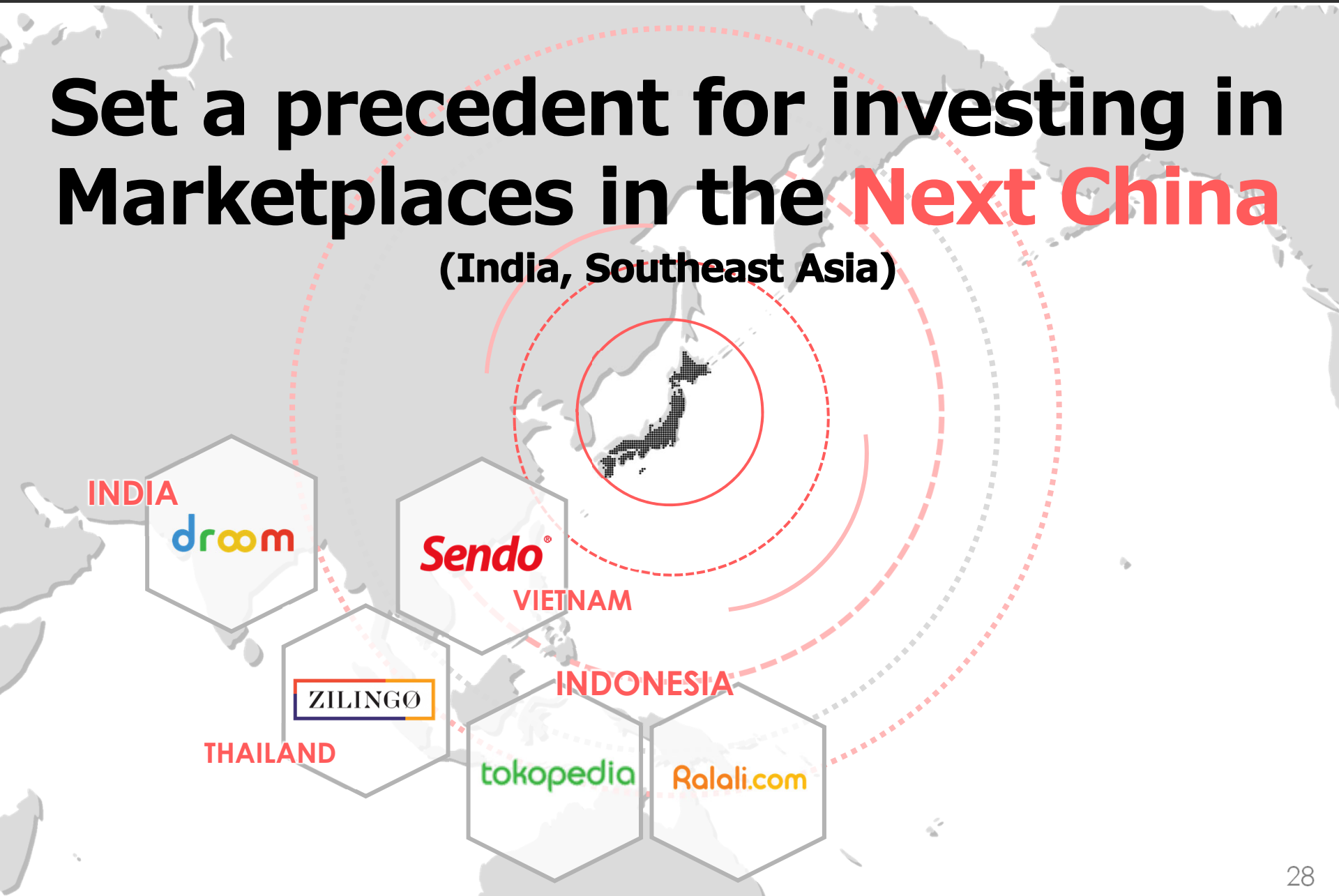
300+

Target Market

































1st Stage : Taiwan/Hong Kong
2nd Stage : China



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



List of Main Investments

Investment Ratio	Emerging Countries		Other		
	India	Other	USA	Japan	Other
+10%		Turkey  The Philippines 		 	
5~10%	 	Vietnam  Multiple African Countries 			
1~5%	    	Indonesia   Thailand  Bangladesh  Turkey  ※Contract to sell signed		   	
<1%		Indonesia  The Philippines 	  Storefront 	 	

Overseas Investments

Released June 2019

Indian Online C2C Real Estate Marketplace

NoBroker

- Raised 51 Mil. USD (5.5 Bil. JPY) in Series C Round
- Investors include General Atlantic and existing investors
- Increasing quality of AI/Machine Learning and expanding service area
- BEENOS invested in Feb. 2016
Investment Ratio: 1~5%

Aiming to become India's #1 Real Estate Service

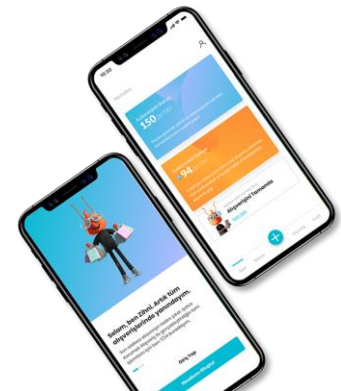


No. 1 Turkish Online Payment Service

iyzico

- To become a subsidiary of PayU, a member of global fintech giant Naspers
- PayU to acquire iyzico for 165 Mil. USD (18 Bil. JPY)
- BEENOS invested in June 2013 (early stage)
Sale scheduled in 4Q
Investment Ratio: 1~5%

Aiming to establish a firm position in Turkey's payment industry



Domestic Strategic Investment

Dynamic Pricing via AI x Big Data metro engines raises 300 Mil. JPY in funding

Released May 2019, Investment Ratio 10+%



Supporting the hospitality industry by predicting fluctuation in demands
and maximizing profits through dynamic pricing

Services for the Hospitality Industry



メトロエンジン

- Dynamic pricing for hotels
- Analysis, Market Research tools

Other

Dynamic Pricing/
Demand Prediction

- Dynamic pricing for rental cars, parking lots
and highway buses

Domestic Strategic Investment

BEENOS has supported the founding members since its establishment as a lead investor

Investors

Founder

BEENOS Inc.

SBI AI&Blockchain LPS

Vector, Inc.

NEC Capital Solutions Limited

JR East startup Co., Ltd.

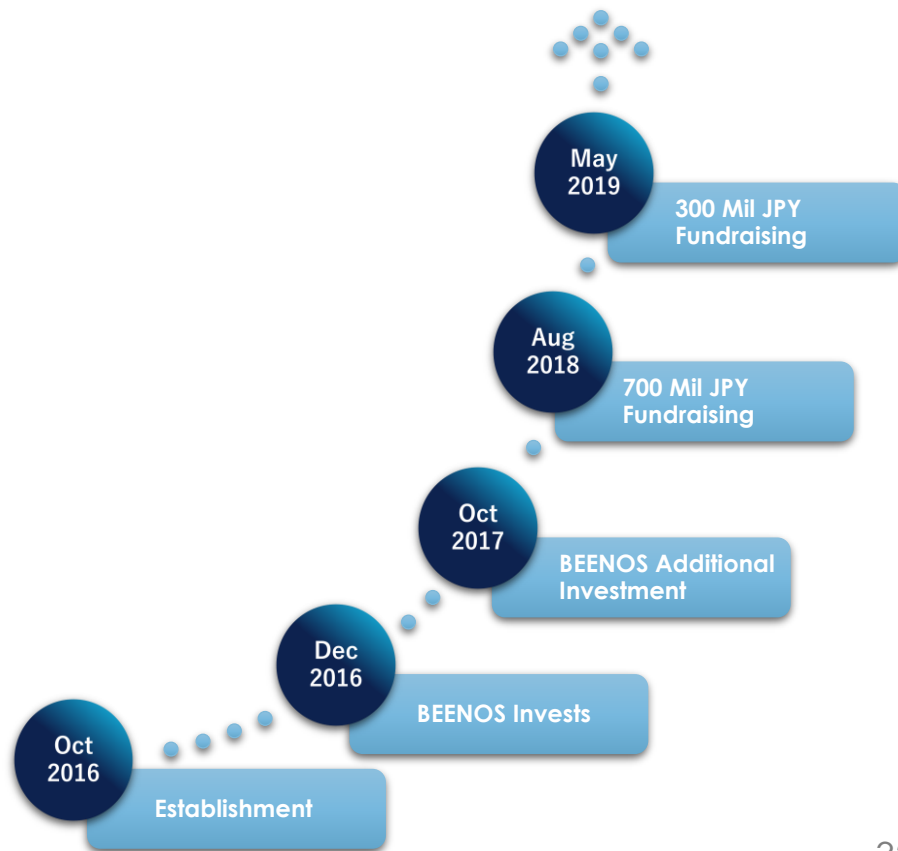
Toppan Printing CO., LTD.

MORI TRUST Co., LTD.

Evolable Asia Corp.

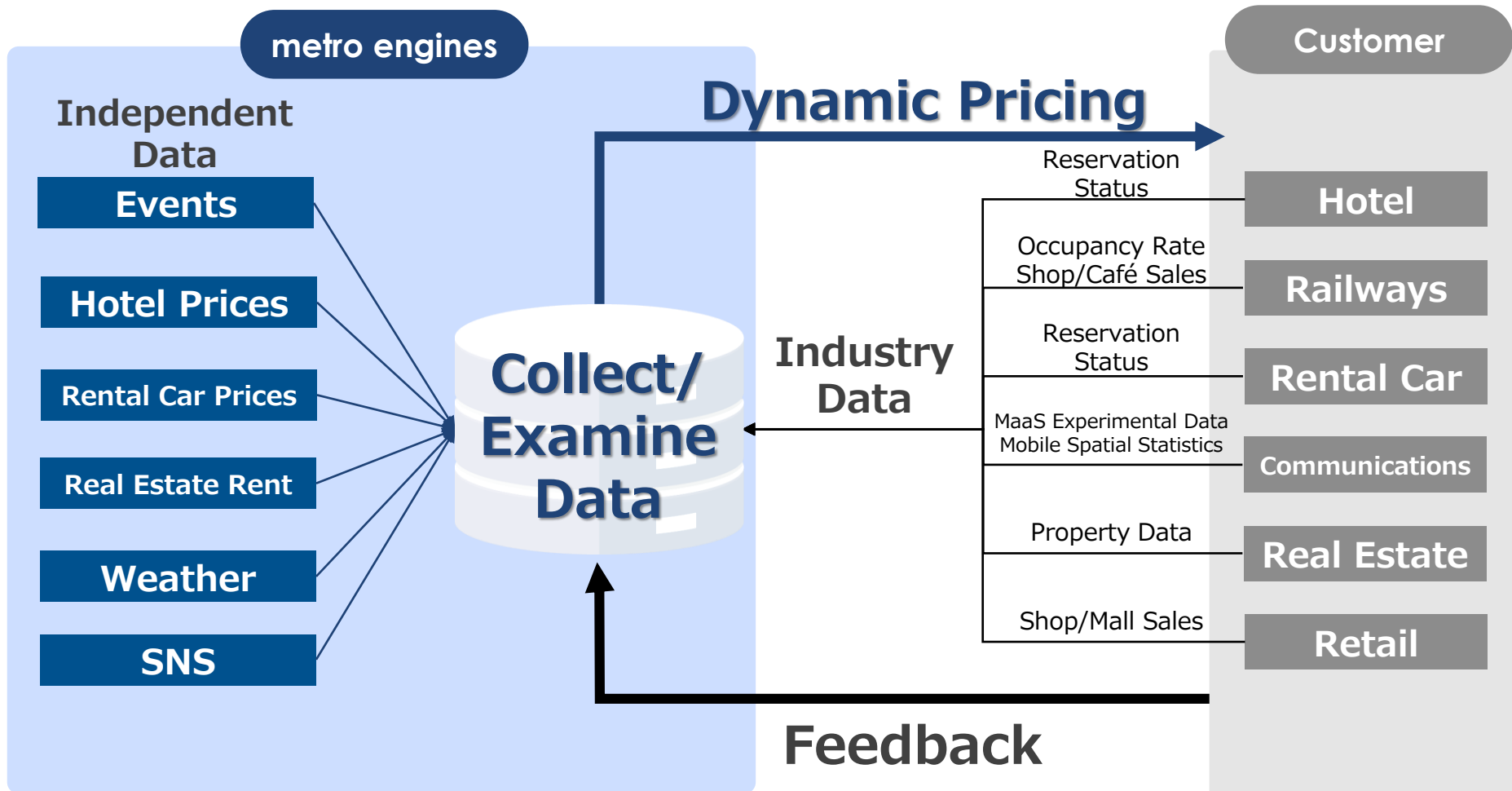
etc.

Fundraising History



Domestic Strategic Investment

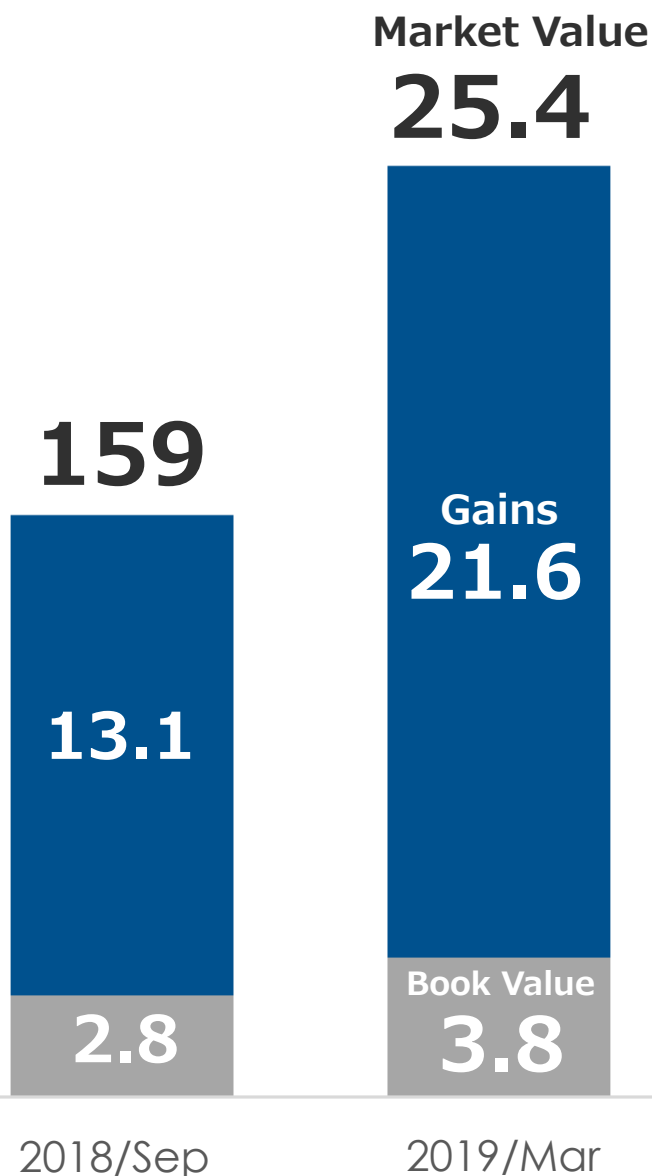
**Owens refined big data by
collecting and examining industry data**



Fair Market Valuation of Operational Investment Securities (Released in 2Q)

※Next update in year-end

Appraisal gains
21.6 Bil JPY
as of 31 March



【How we calculated the market value】

Listed Companies: Stock price as of 31 March 2019

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.

Plan for Operational Investment Securities

※Released in 2Q

We plan to monetize approximately 20% of appraisal gains by March 2020

Monetization

- Approximately 20% of appraisal gains

Distribution of Funds

- Additionally invest in growing companies
- Invest in new companies
- Creating new EC businesses
- Return to shareholders

1 **Cross Border Business GMV, Net Sales and Operating Income record high** Operating Income 250 Mil JPY (+51.5% YoY)

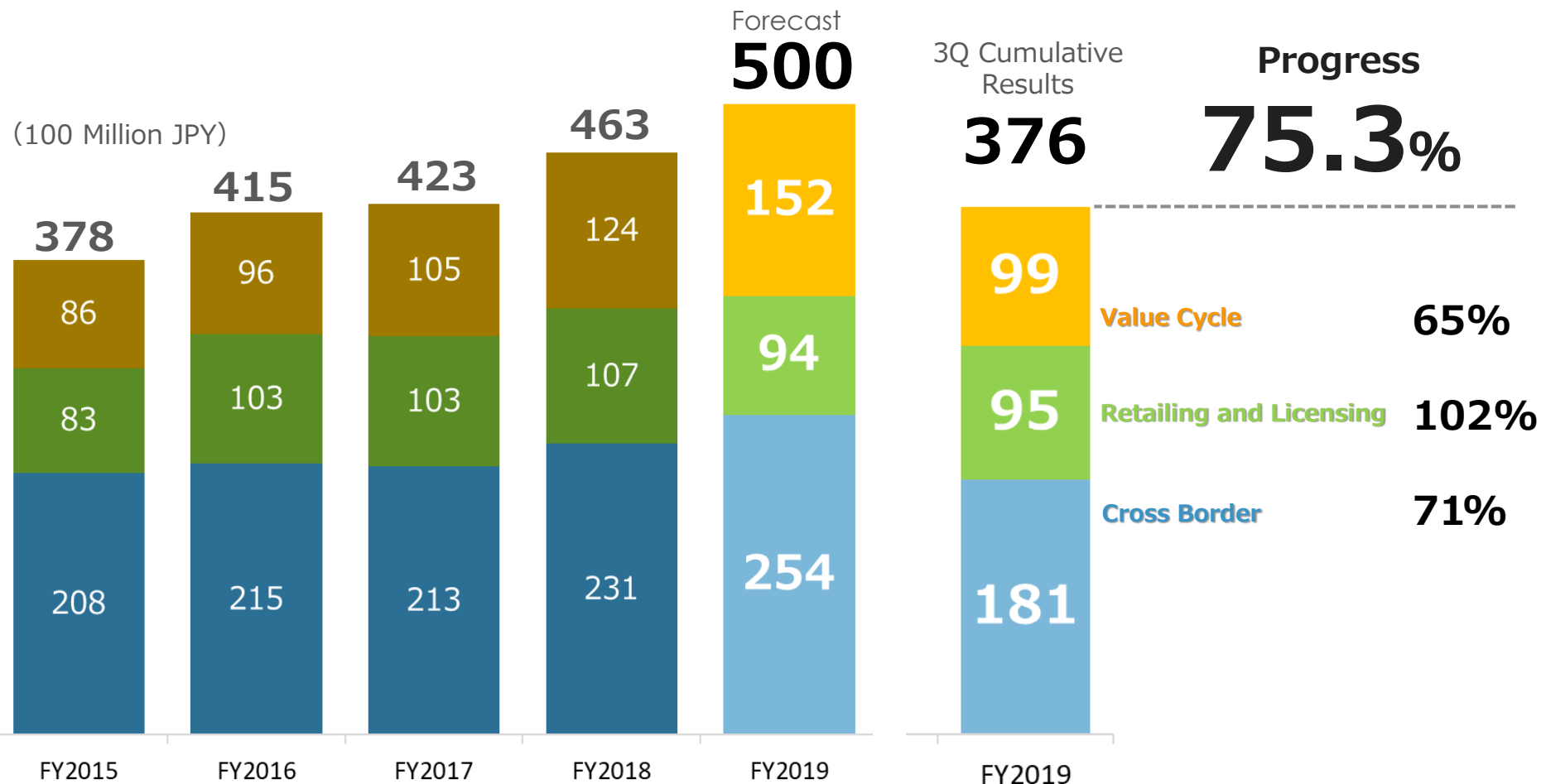
2 **Value Cycle Business in a slump**
Operating Loss \triangle 99 Mil JPY (FY18 3Q Op. Income: 34 Mil JPY)

3 **Signed contract to sell operational investment security**
(334 Mil JPY gain on sale expected to be booked soon)

Annual forecast and dividend forecast to remain as is despite sales of Operational Investment Security to be booked in 4Q and recording losses in cumulative 3Q

Forecast for FY2019 not disclosed. 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



Dividend forecast to remain as planned

■ Dividend

	Dividend per Share (JPY)			Total Dividend	Payout Ratio
	End of 2Q	Year-end	Total		
FY2016	0.00	13.00	13.00	158M	16.7%
FY2017	5.00 Commemorative Dividend*	13.00	18.00	221M	21.8%
FY2018	0.00	13.00	13.00	158M	17.2%
FY2019 (Forecast)	0.00	13.00	13.00	-	-

*TSE First Section Listing Commemorative Dividend

■ Share Repurchase

	Total number of shares repurchased	Percentage of issued shares	Total repurchased cost	Total return ratio (including dividend)
FY2018	100,000	0.8%	145M	32.9%
FY2019	210,000	1.7%	288M	-
	55,000	0.5%	92M	
	Total	265,000	2.2%	380M

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.

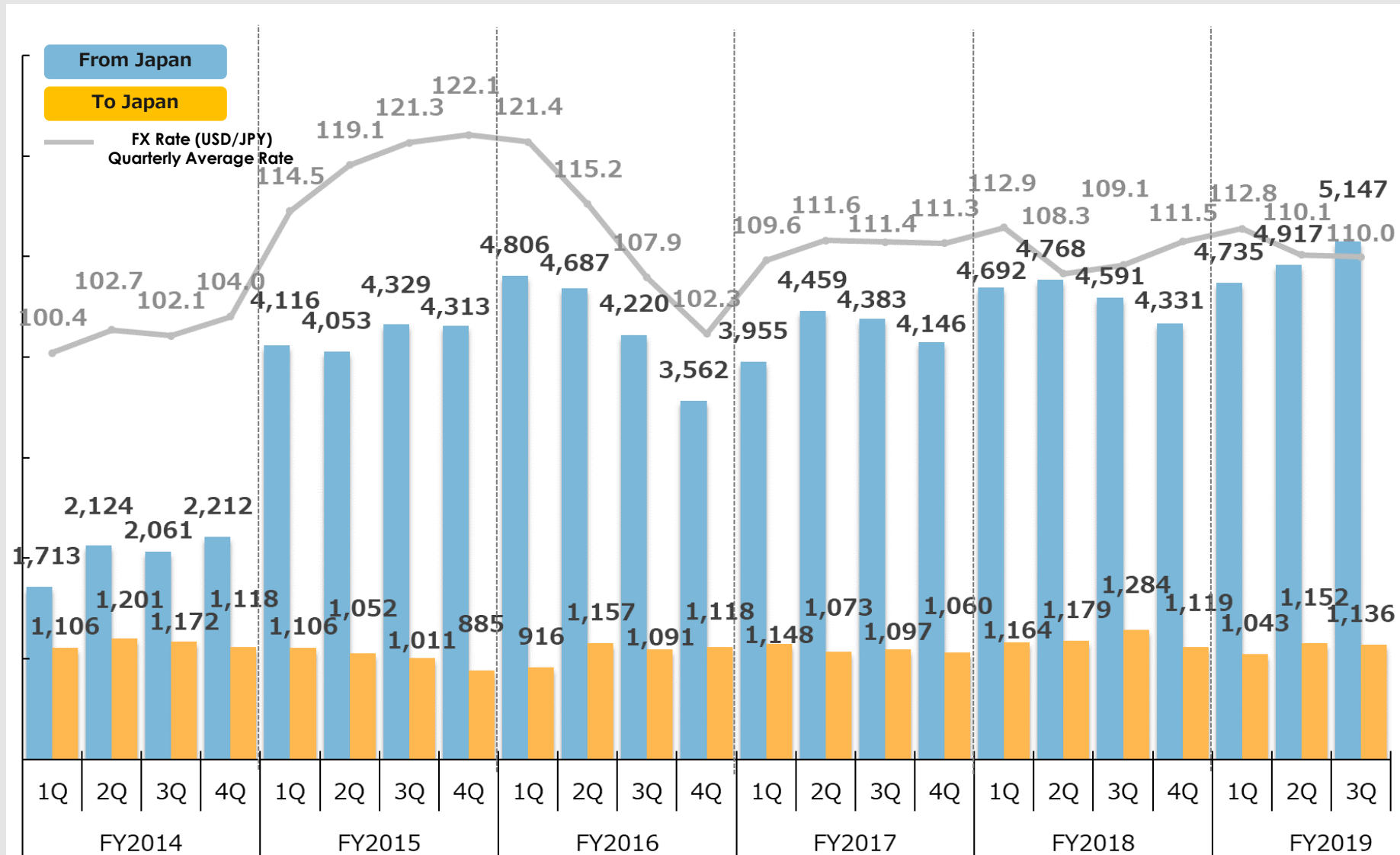
GLOBAL PLATFORMER

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

Reference Materials



Cross Border Business GMV and FX Rate



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



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 6 domestic alcoholic beverage purchasing stores "Joy Lab" to purchase alcoholic beverages from users and then sells them on its EC site 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



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



FASBEE

Operates global fashion EC site "FASBEE." Sells Japanese apparel products to foreign clients. Aims to spread Japanese brands globally.



BEENOS Asia

Investment in emerging countries. A Singapore based subsidiary.



BEENOS Partners

Investment in startup companies in USA

Affiliates



BEENOS Plaza

Investment in startup companies in Indonesia



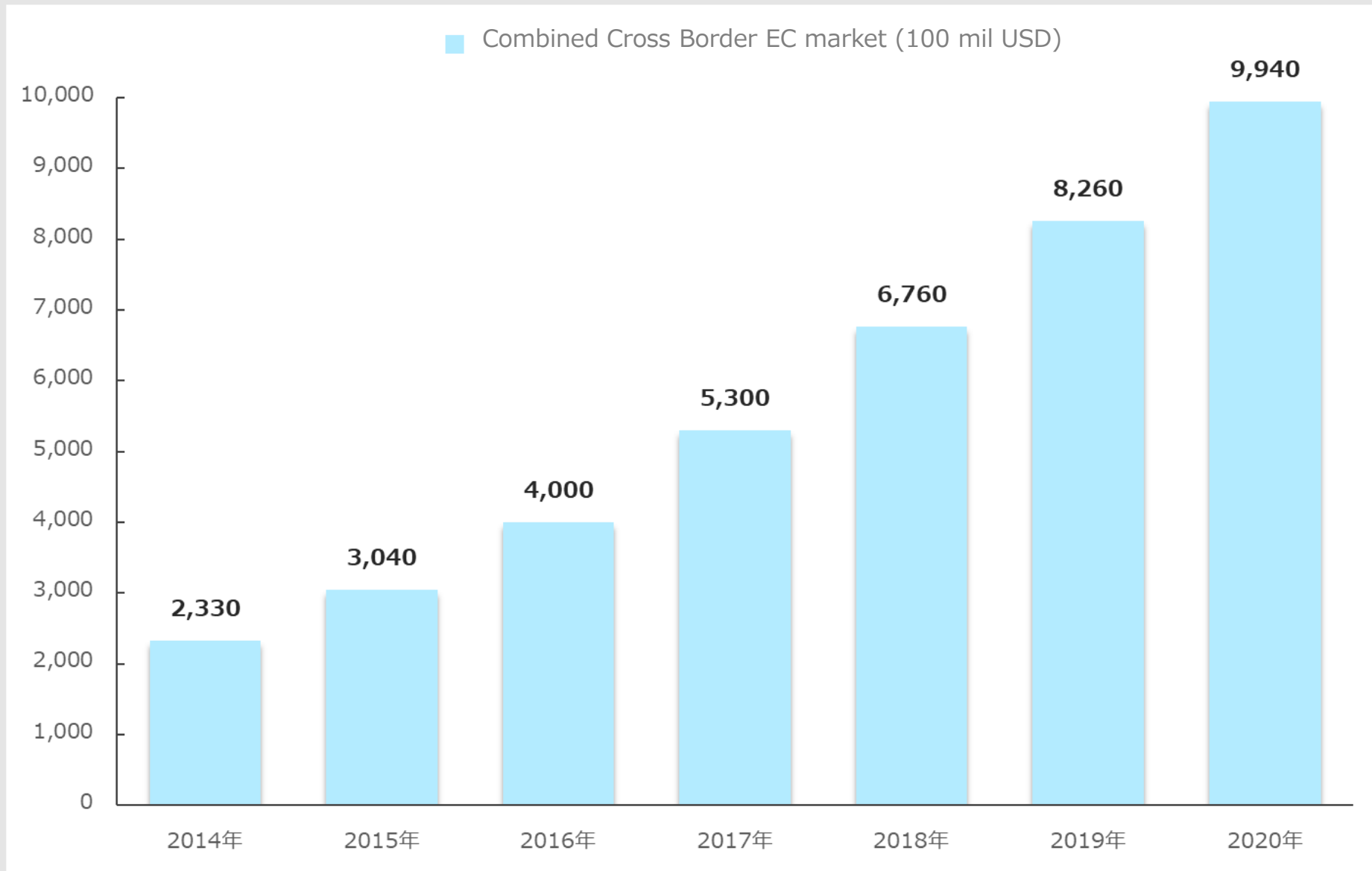
Open Network Lab, Inc.

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

Market Data



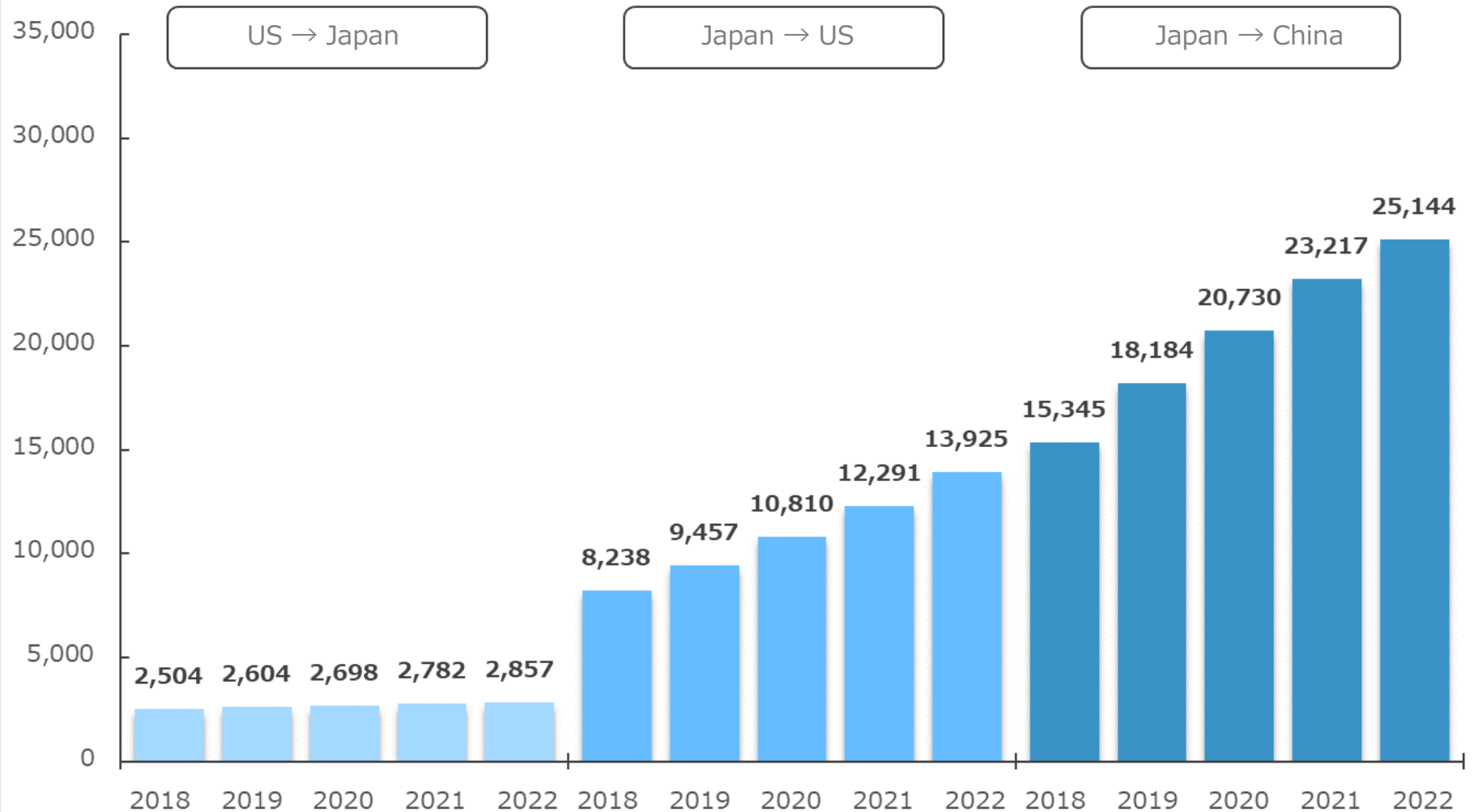
Cross Border E-Commerce Market size in Japan, US and China



Reference : Alizila, Jan2017

Cross Border E-Commerce market between countries

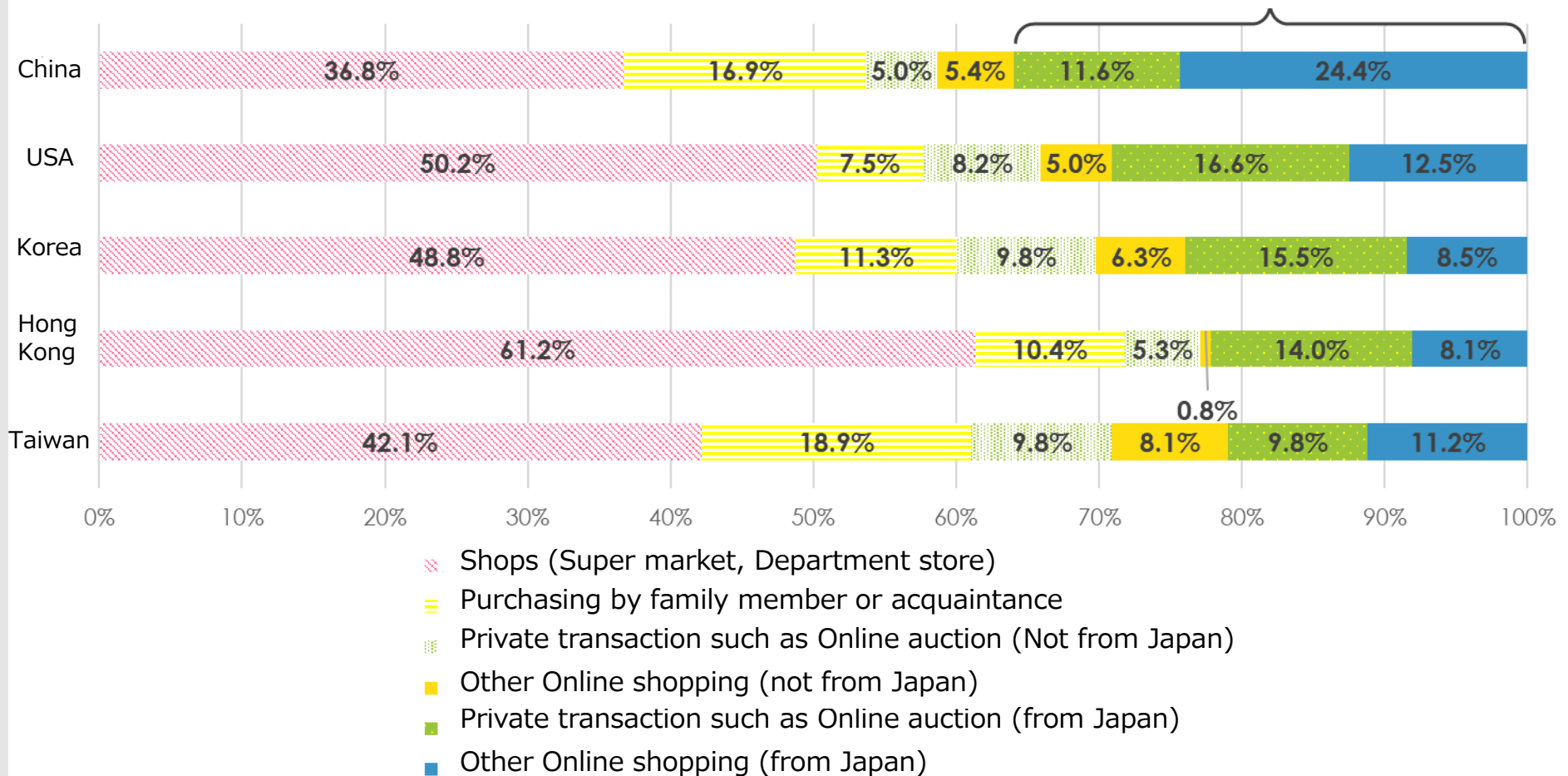
(Unit : 100 mil JPY)



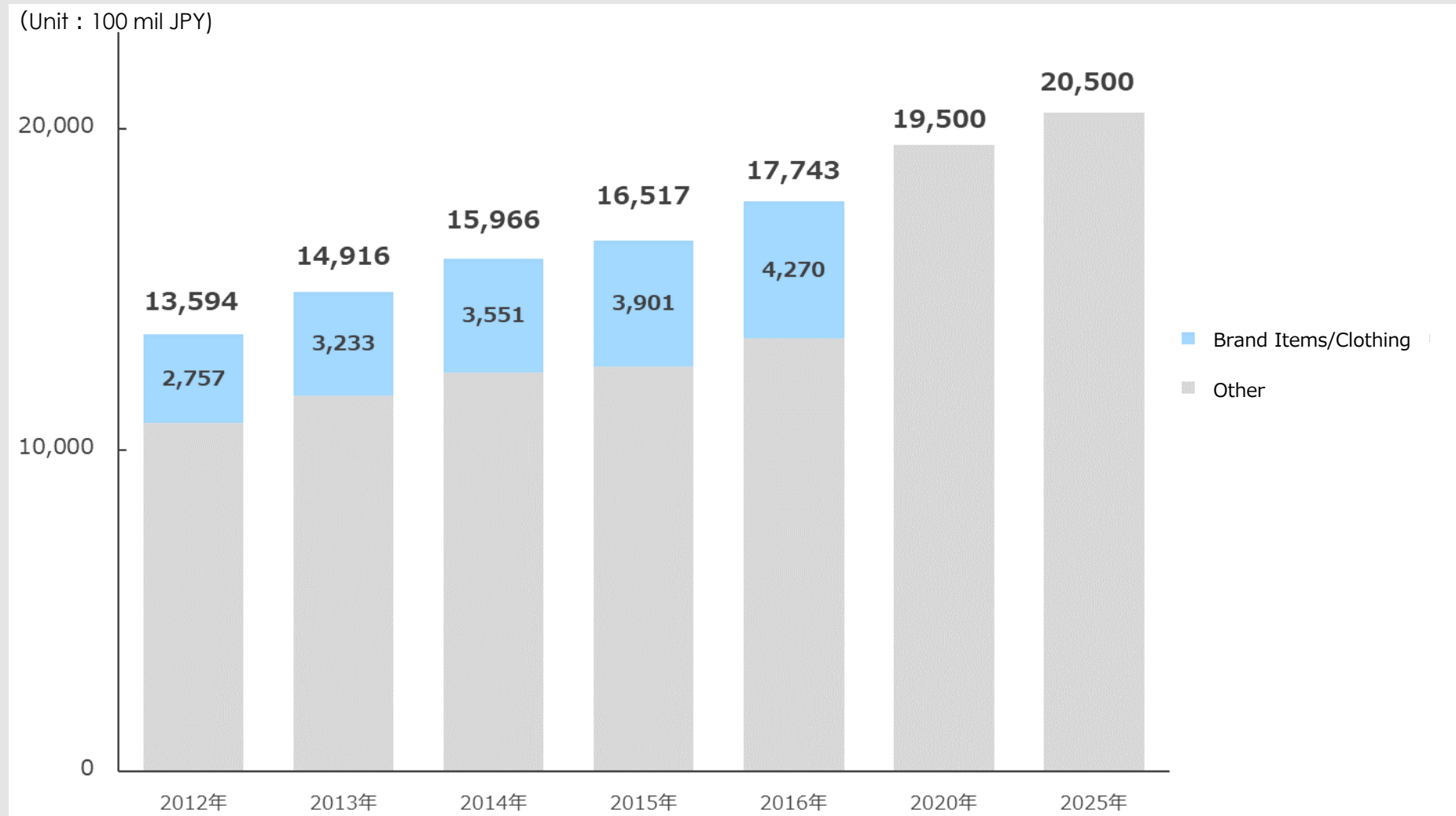
Reference : Ministry of Economy, Trade and Industry Data (2019)

How to purchase Japanese products

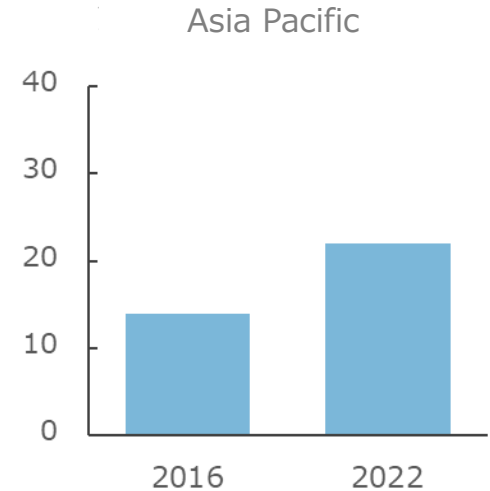
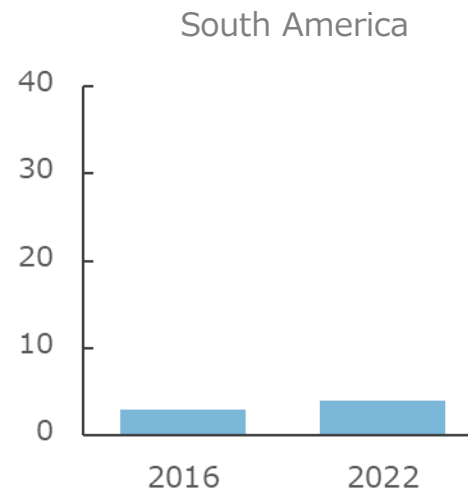
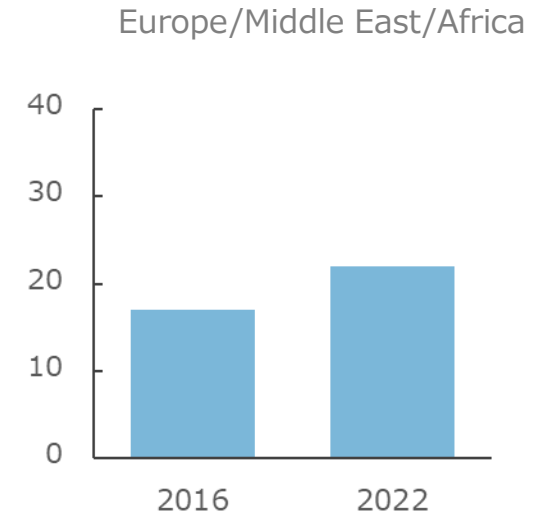
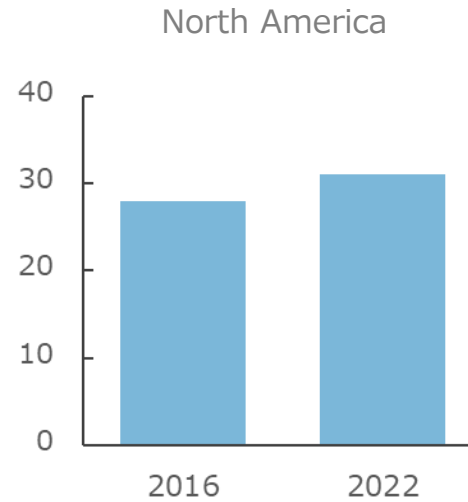
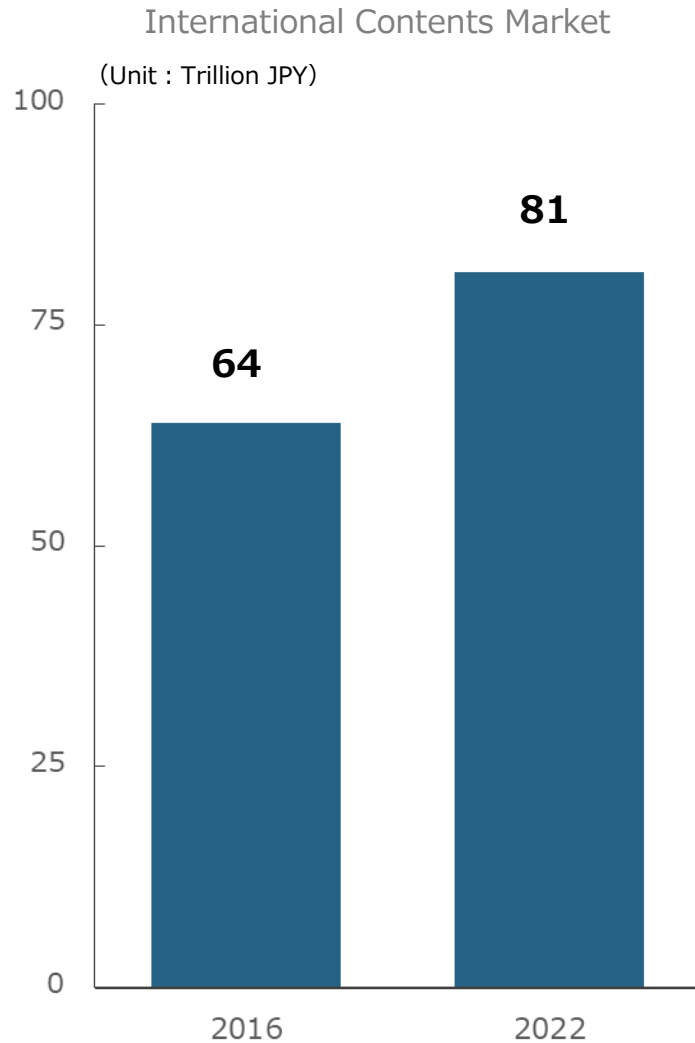
Purchase via cross border EC



Reference : Survey of Japan Tourism Agency (2017)



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

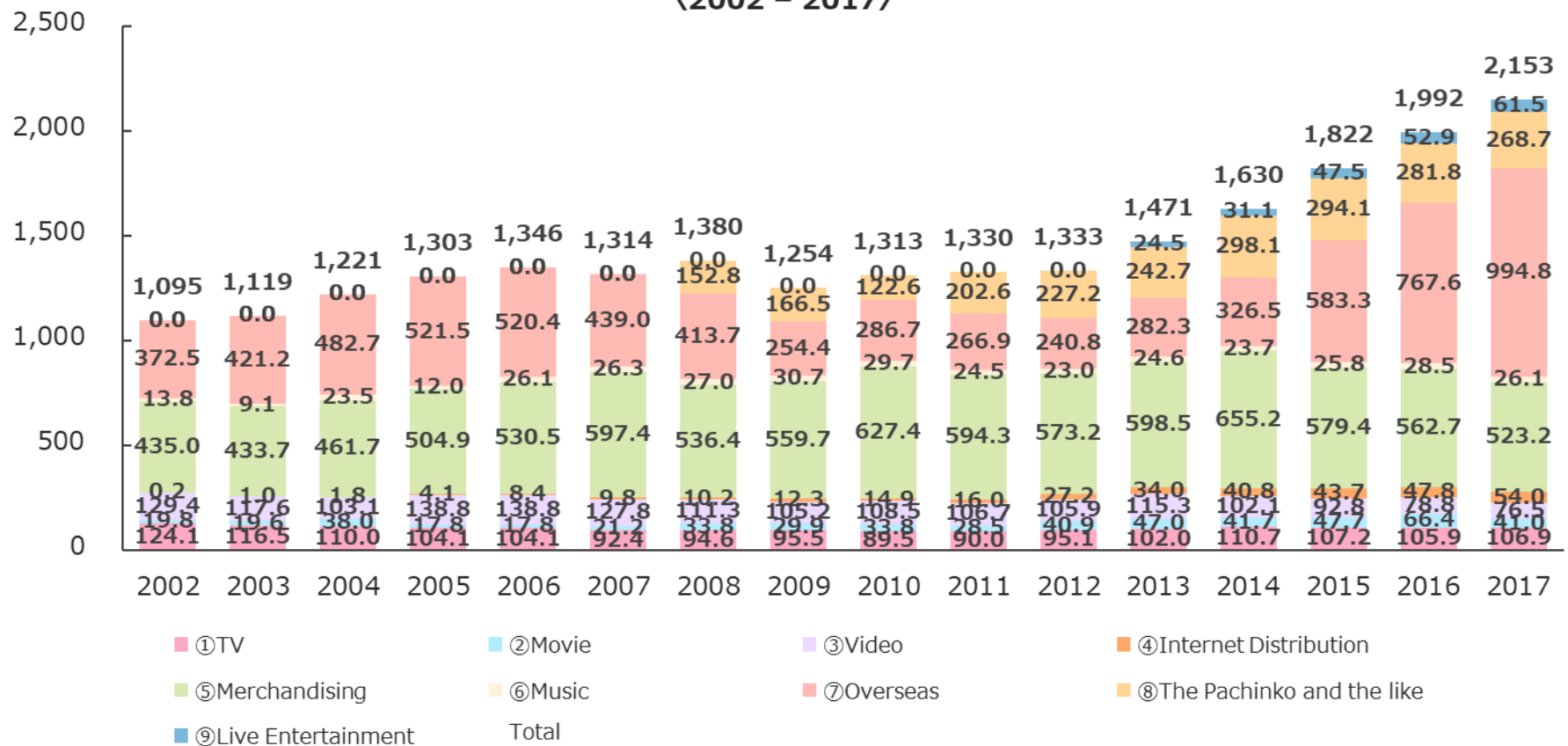


(Unit : 1 Bil JPY)

Japanese animation market trends in a broad sense

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

〈2002 – 2017〉



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