



**B E E N O S**

FY2020 1<sup>st</sup> Quarter Financial Results Briefing



**BEEENOS**

# 01. Quarterly Financial Results

October 2019 ~ December 2019

E-Commerce Business

Resulted in positive  
(Negative in 1Q FY2019)

Incubation Business

Recorded 2.7 Bil JPY in sales of  
operational investment securities

	Results	YoY
GMV	<b>11.18 Bil JPY</b>	△ 4.2%
Net Sales	<b>8.12 Bil JPY</b>	+ 53.1%
Operating Income	<b>2.36 Bil JPY</b>	—%

	Results	YoY
GMV	<b>11.18 Bil JPY</b>	△ 4.2%
Net Sales	<b>8.12 Bil JPY</b>	+ 53.1%
Operating Income	<b>2.36 Bil JPY</b>	—%

### Reasons for decrease in GMV (YoY)

- Decrease in events for the Retailing and Licensing Business
- Major shifts in expansion path for the Apparel Reuse Business

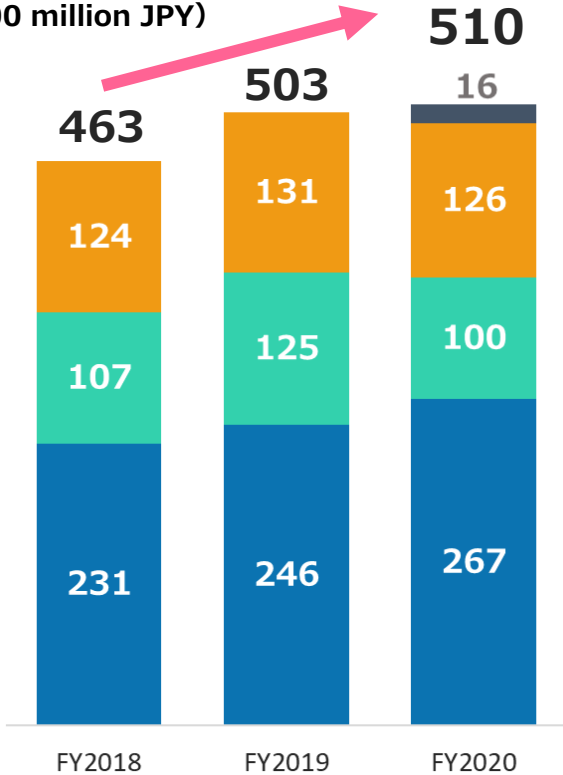
### Reasons for increase in operating income (YoY)

- Cross Border Business records quarterly high due to adjustment of service fees, etc.
- Incubation Business records sales of operational investment securities

## GMV

Retailing and Licensing expected to decrease due to the decline in events because of the Olympics. Value Cycle also expected to decrease due to the change in expansion path.

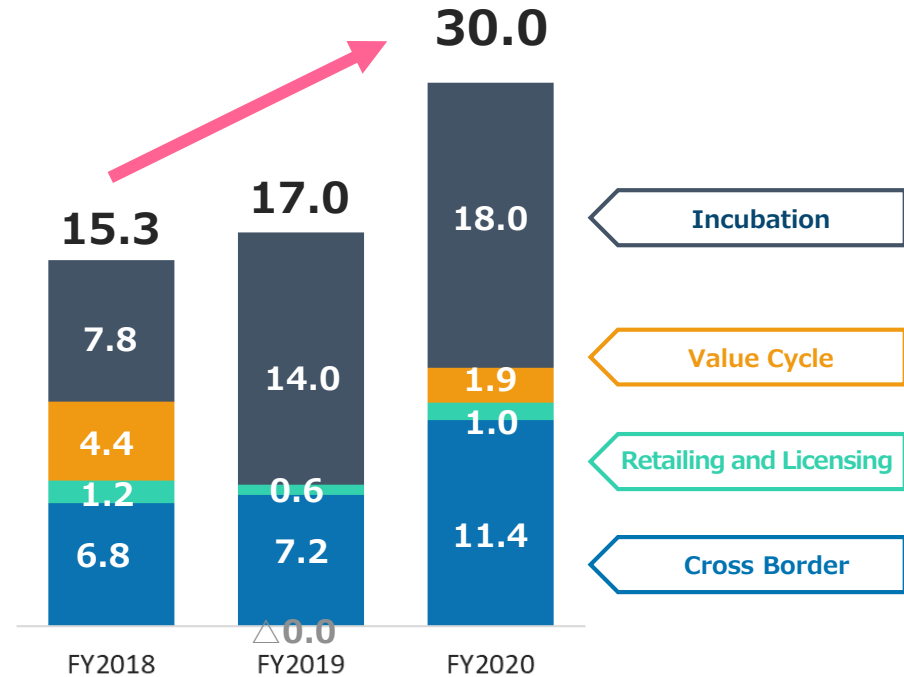
(Unit: 100 million JPY)



## Operating Income

Increase in Cross Border and the monetization of appraised gains in the Incubation Business (Investments).

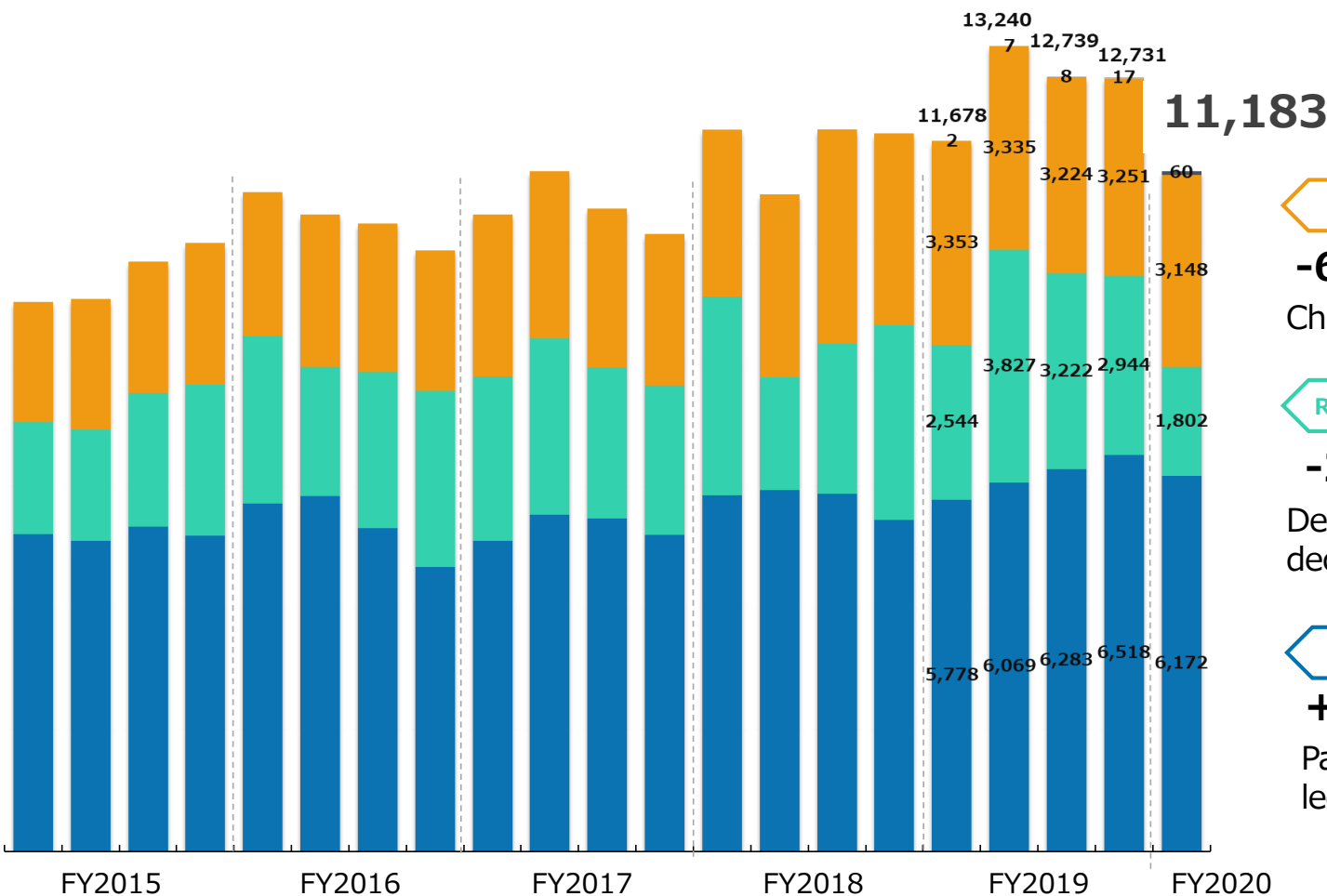
(Unit: 100 million JPY)



# Consolidated GMV

## 4.2% decrease YoY

(Unit: million JPY)



**Value Cycle**

**-6.1%**  
Change in expansion path

**Retailing and Licensing**

**-29.1%**  
Decrease in GMV due to decrease in events held

**Cross Border**

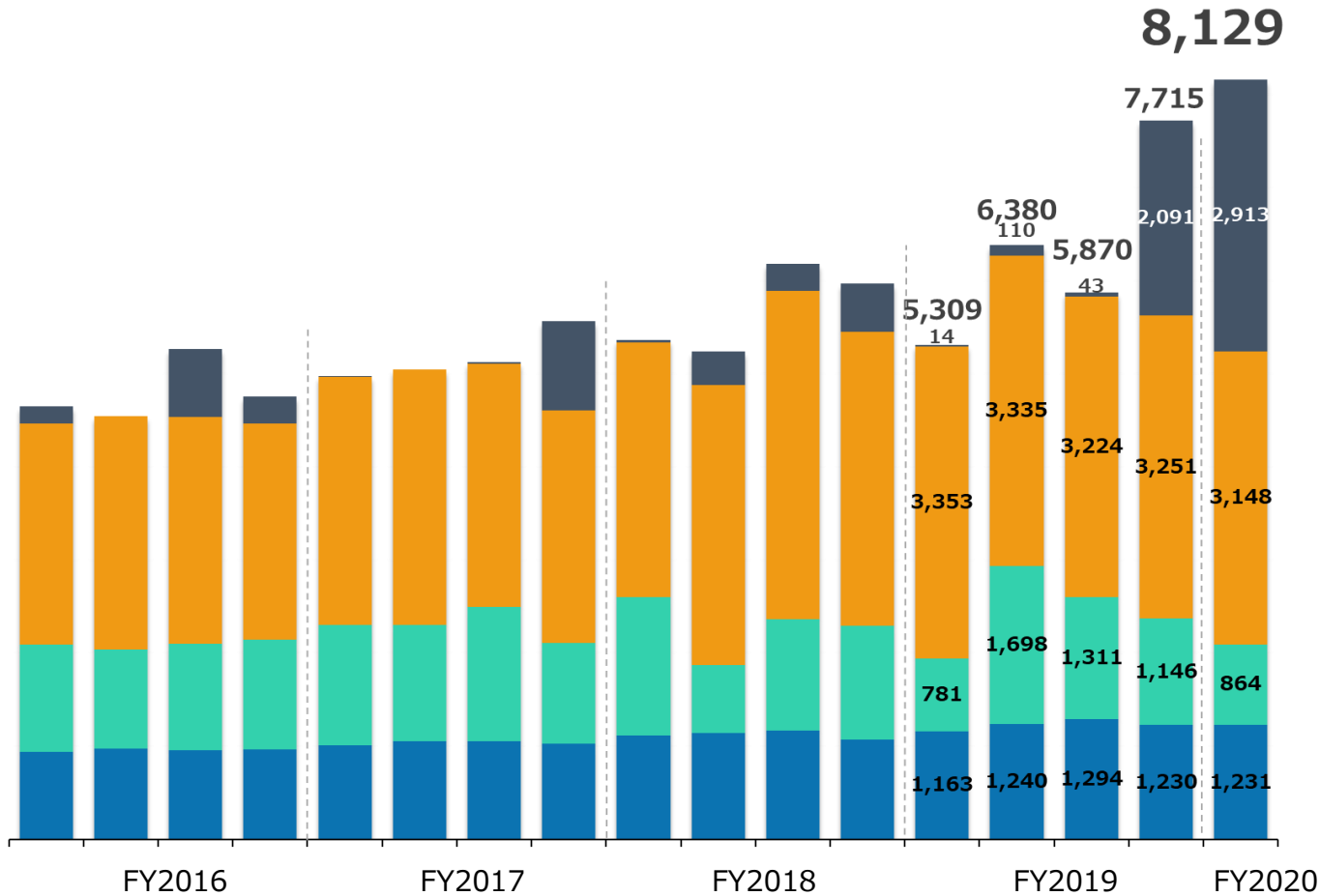
**+6.8%**  
Partnership with Mercari led to growth

\*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.

# Consolidated Net Sales

**53.1% increase YoY**  
**Record high quarterly sales**

(Unit: million JPY)



**Incubation**

Sale of operational investment securities went as planned

**Value Cycle**

**-6.1%**  
 Change in expansion path

**Retailing and Licensing**

**+10.7%**  
 Commission-based business decreased, but original products doing well

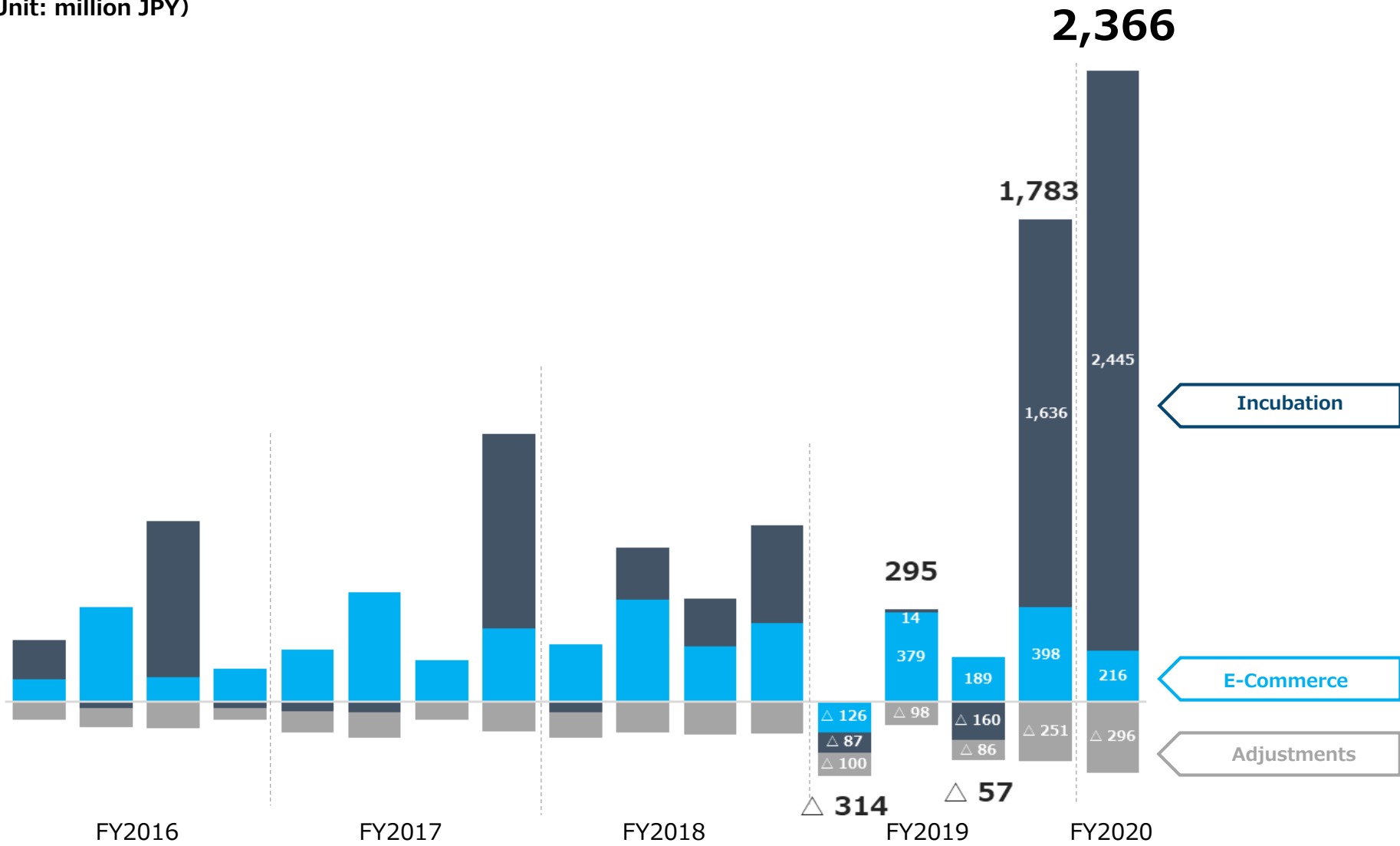
**Cross Border**

**+5.8%**  
 Partnership with Mercari led to growth

# Consolidated Operating Income

(Unit: million JPY)

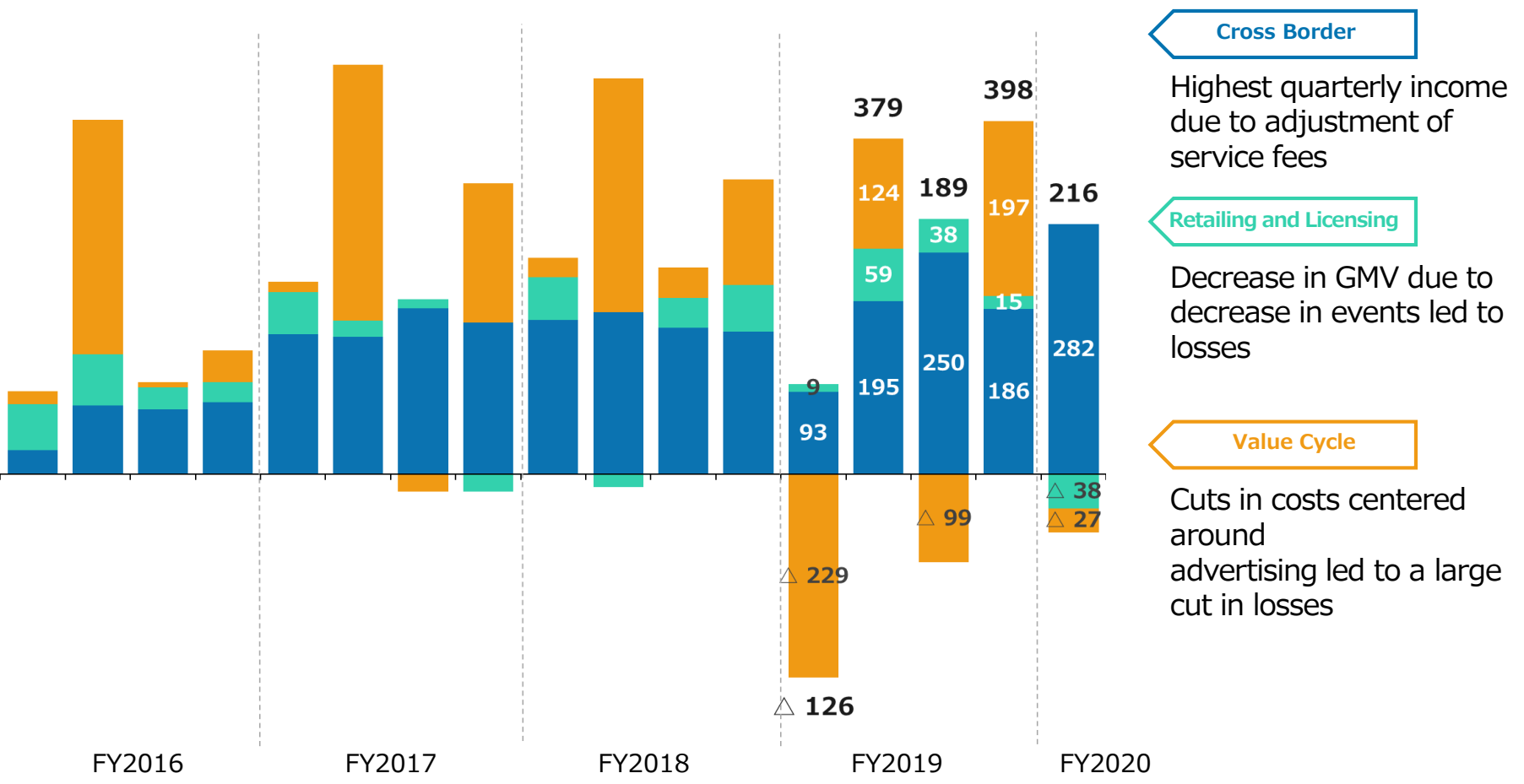
**E-Commerce in the positive**  
**Sale of operational investment securities**  
**went as planned**





# E-Commerce Operating Income (Segment Breakdown)

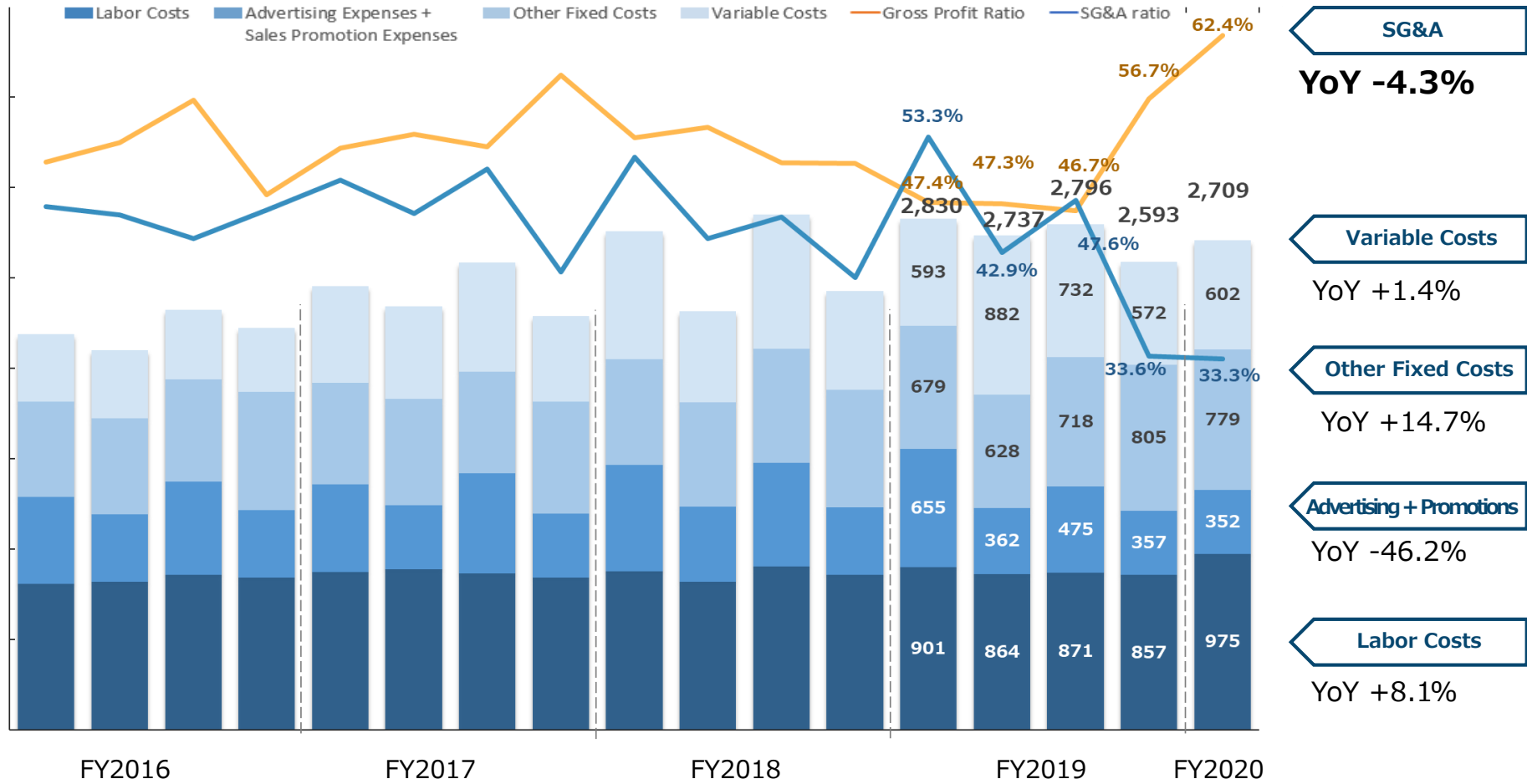
(Unit: million JPY)



# Gross Profit Ratio and SG&A

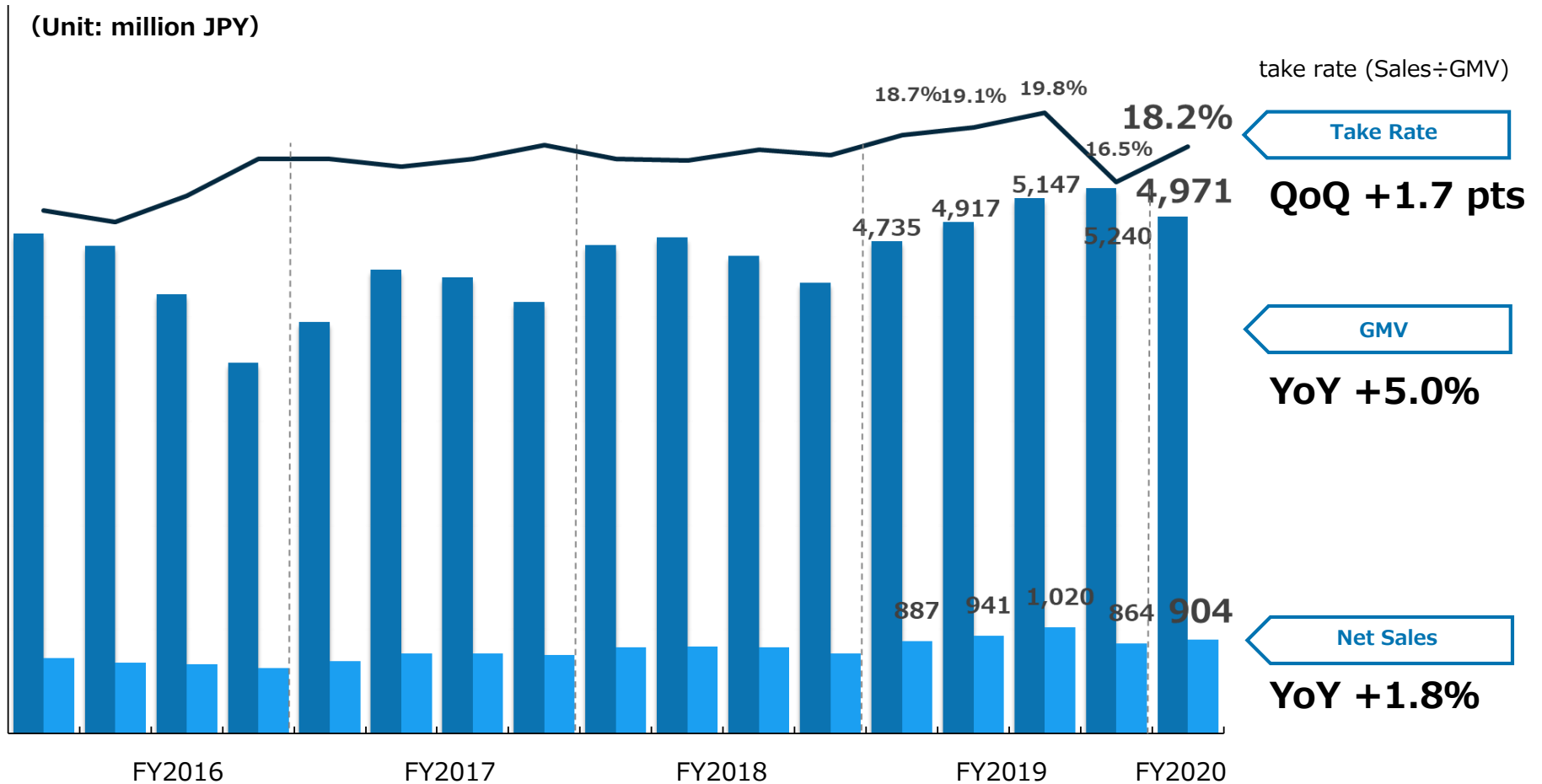
**Advertising expenses decrease 46.2% due to Value Cycle's cuts in costs. 20-year anniversary event led to 8.1% increase in labor costs (employee benefits).**

(Unit: million JPY)

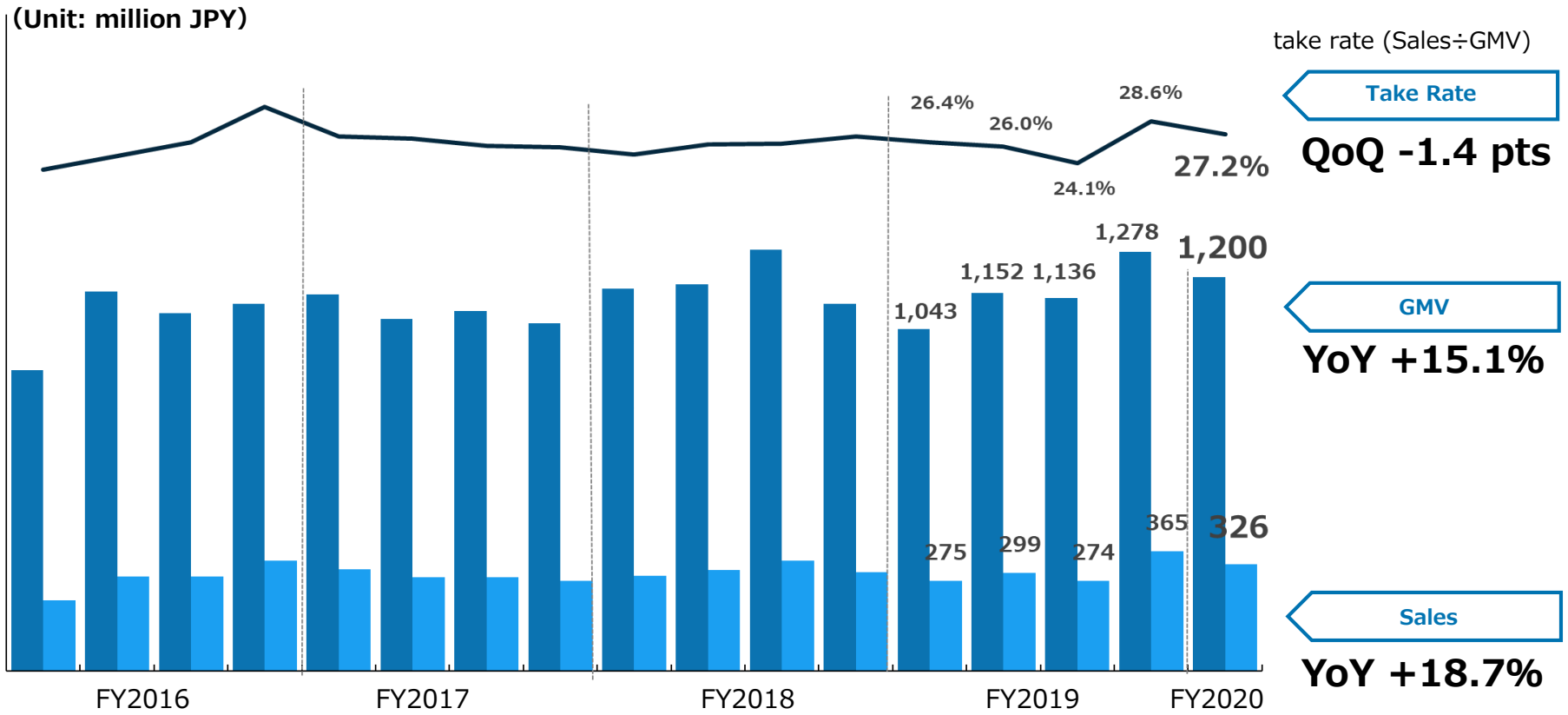


※ Bonuses are included in other fixed costs on a quarterly basis  
 ※ A portion of the Retailing and Licensing Business's Other Fixed Costs have been switched to Variable costs as of FY2017 due to its high conjunction with sales

Take rate maintained same level of growth despite readjusted service fee (5% to flat rate 300 JPY)



Temporary US tax matter led to an increase in GMV and sales



# Consolidated Balance Sheet

Unit: Million JPY	1Q/FY2020 December 2019	4Q/FY2019 September 2019	QonQ
Current Assets	17,365	16,407	958
Cash and deposite	7,328	5,175	2,153
Account Receivable	607	2,527	△1,920
Operational Investment Securities	4,284	4,176	107
Products	2,784	2,689	95
Fixed Assets	2,404	2,403	0
Tangible Assets	404	417	△12
Intangible Assets	437	454	△17
Investment etc.	1,562	1,531	30
Current Liabilities	7,599	8,159	△559
Account Payables	248	384	△135
Short-term Loan	2,650	3,550	△900
Fixed Liabilities	571	480	91
Net Assets	11,598	10,171	1,427
	△567	△567	0
Total Assets	19,769	18,811	958

- Investments : +206 Mil.
- Sales : △29 Mil.
- Appraised Loss : △163 Mil.
- FX Fluctuation : +94 Mil.



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## **02. Business Highlights and Future Strategies**

1

Operating Income forecasted for 3 Billion JPY  
(75.7% YoY increase)

2

Operating Income for E-Commerce Business  
forecasted for 70.9% YoY increase. Cross Border  
forecasted for 57.5% YoY increase.

3

Sales of operational investment securities proceeded  
as planned. Will continue to sell accordingly.



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

**ON THE GLOBAL  
PLATFORM  
FRONTIER**

**We are spreading domestic markets globally.  
We will support domestic companies to be  
able to expand their business on a global  
scale as if it is second nature.**



# Cross Border Business

## Buyee supports Mercari's overseas sales

(Released 15 November 2019)



**Language**

**Product translation and customer support in 10 languages**

**Proxy Purchase**

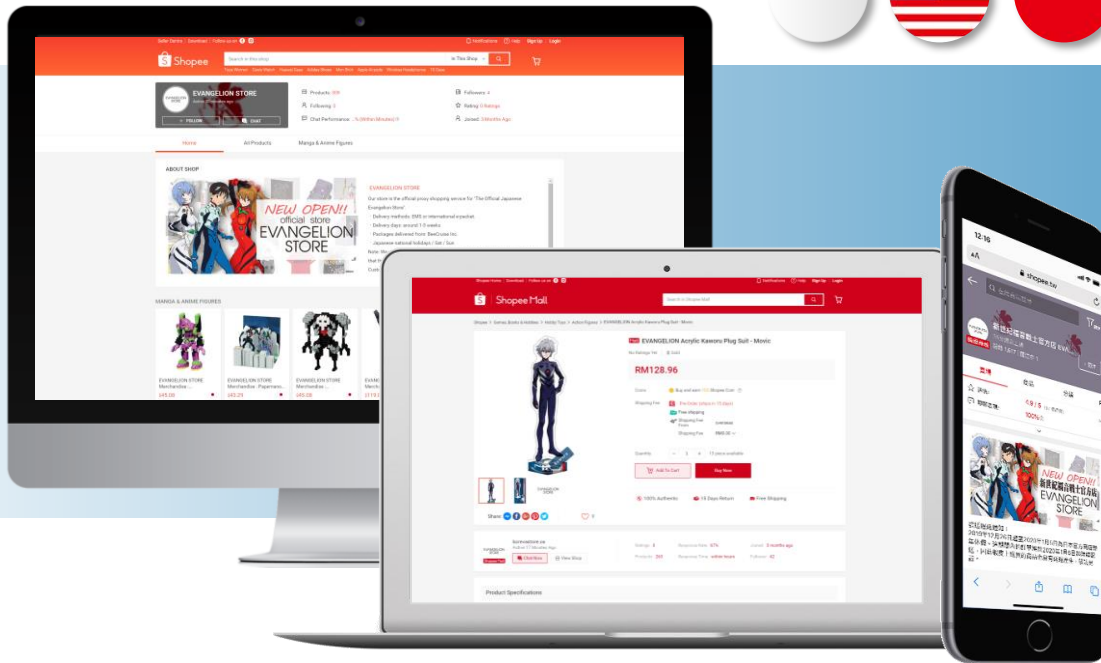
**Compatible with major foreign payment services  
Uses original system to detect fraudulent payments**

**Logistics**

**Compatible with various types of products  
Items packaged in a way that can withstand International shipping**

## Compatible with Taiwan, Singapore and Malaysia

(Released 7 January 2020)

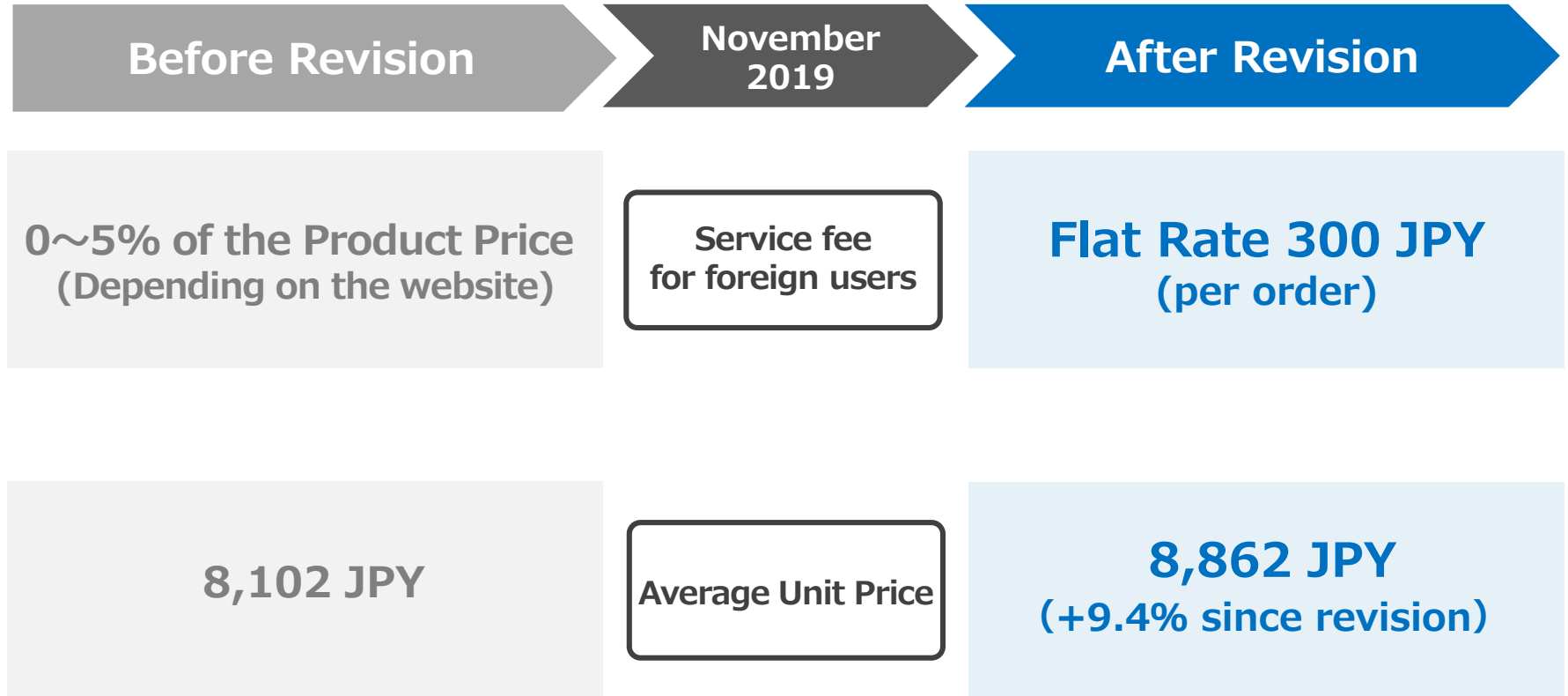


Support the listing of Evangelion Official EC Site "EVANGELION STORE" on Shopee Singapore and Shopee Malaysia. Commenced sales in January.

### Revised service fee

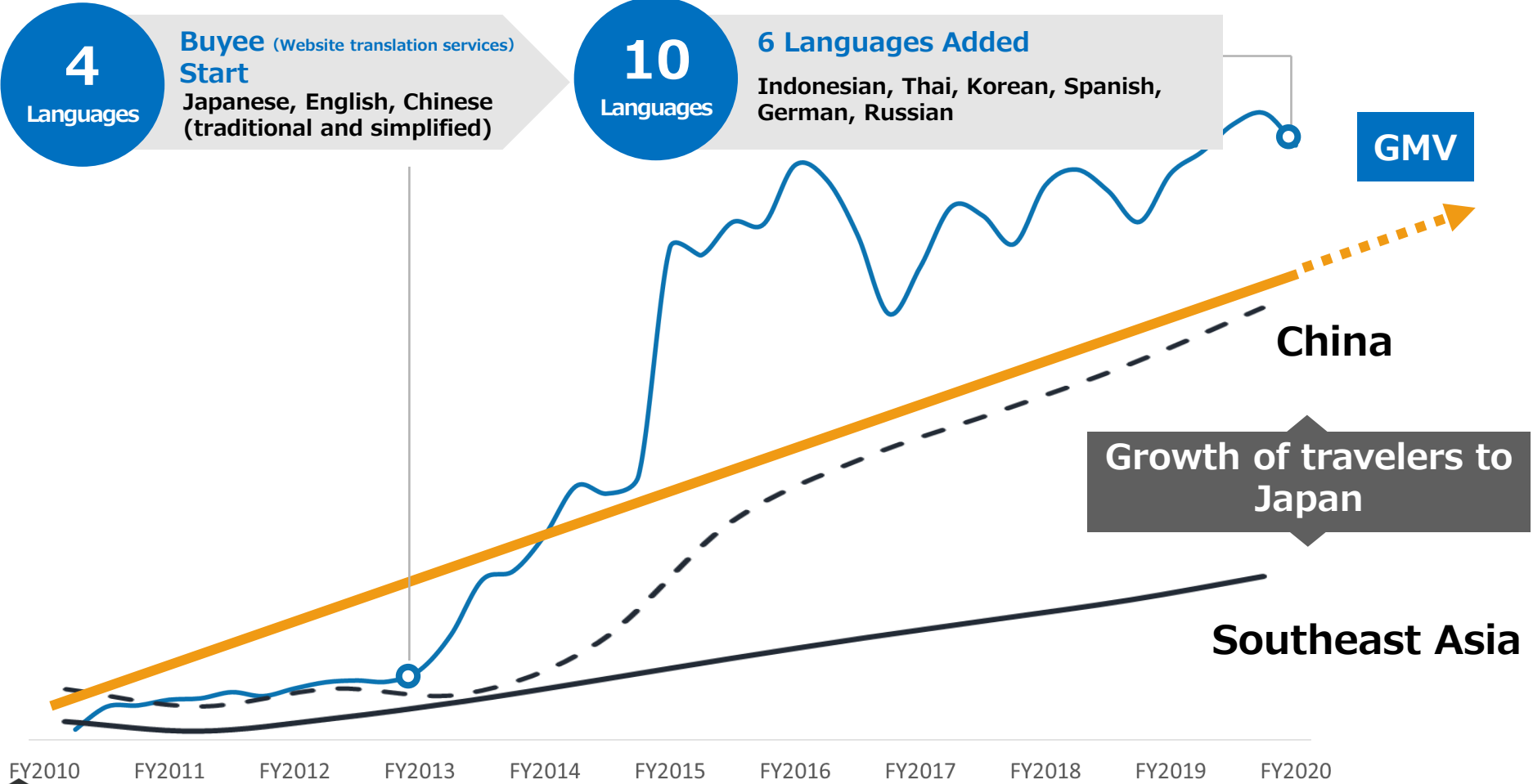
Average unit price increased which leads to higher revenue

(Revised November 2019)

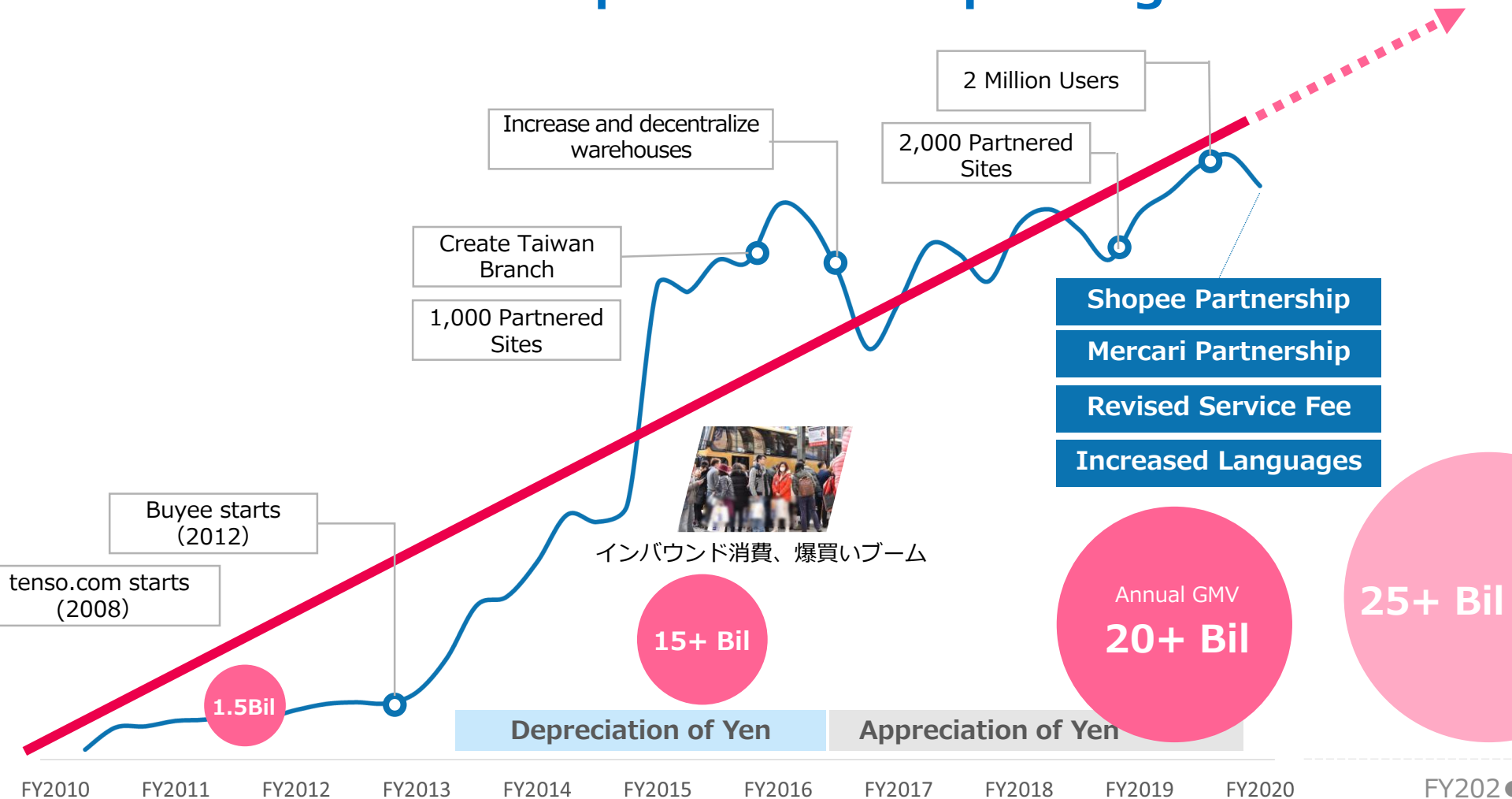


# Increase number of languages to translate on website and provide customer support

(since January 2020)



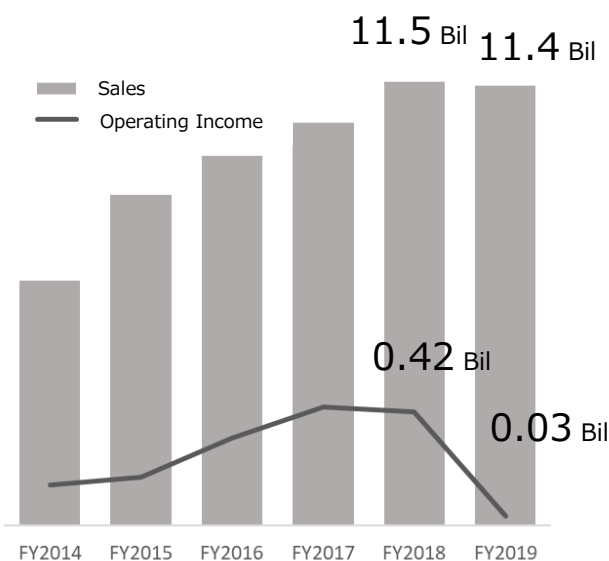
## Aim to increase GMV through partnering with more marketplaces and improving services



# Value Cycle Business

## Became wholly owned subsidiary as of 14 January 2020 (FY2020/2Q~)

### Sales and Operating Income



**Sales**

Sales top out as competition in the reuse industry escalates

**Profit**

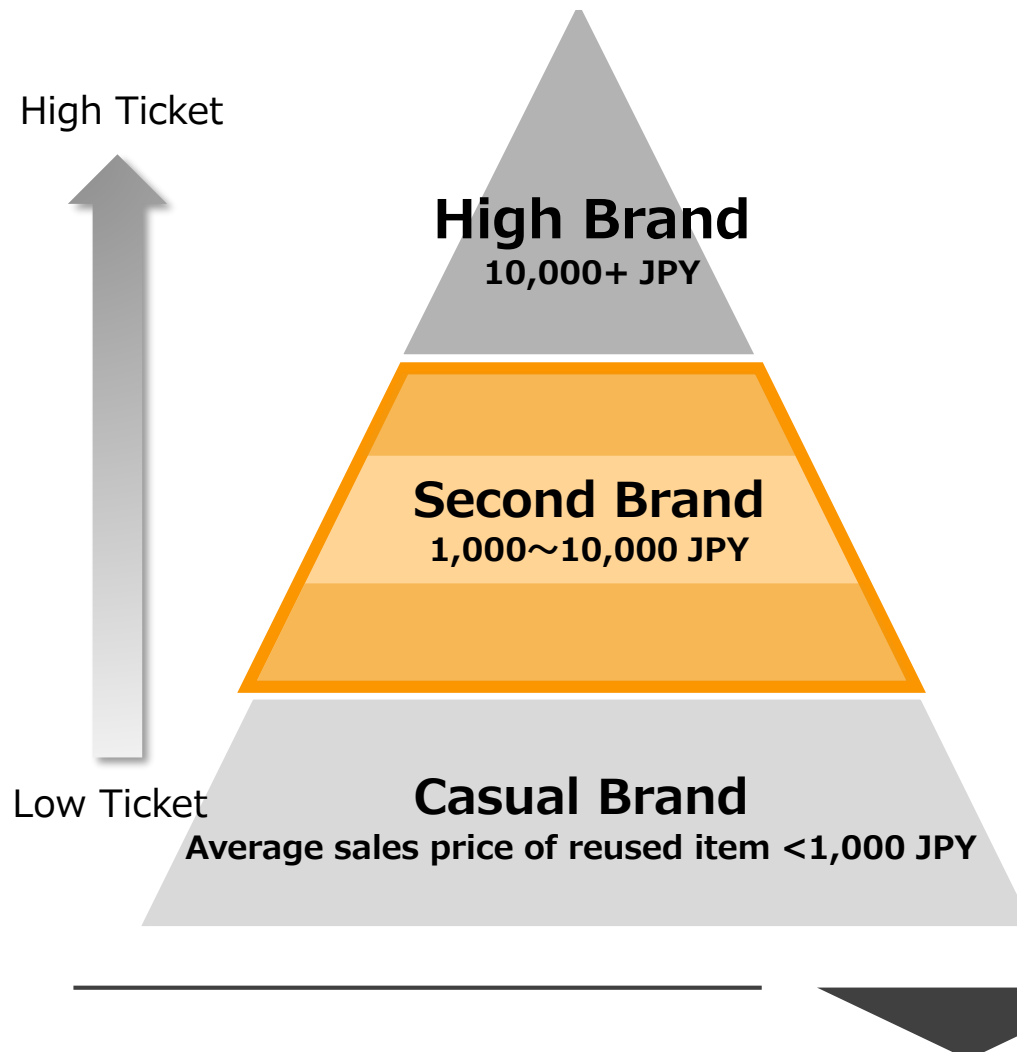
Profits decrease due to the costs in promotion for in-house sales channel

**It is imperative that we use BEENOS Group's managerial resources much faster than before**



# Value Cycle (Brandear)

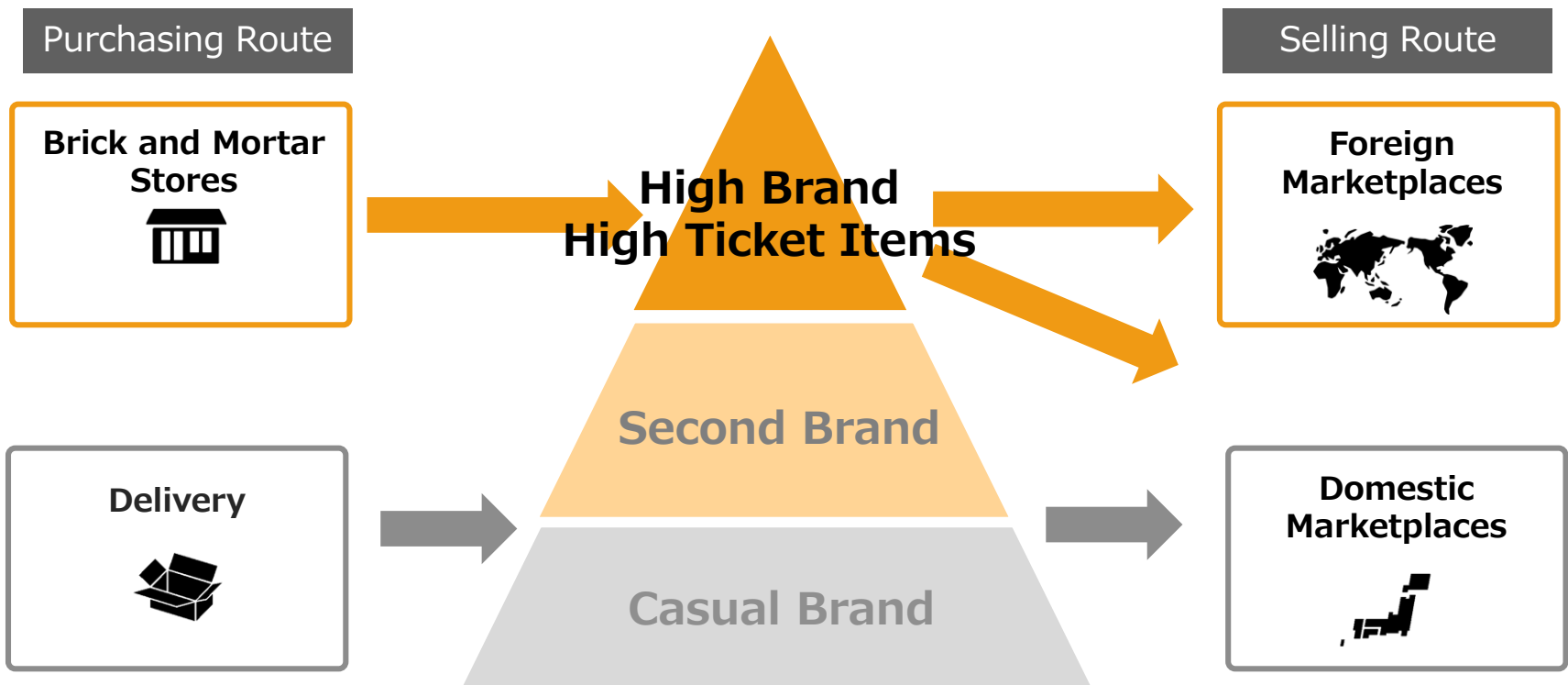
## Target region until now



- 1 The Second Brand has been Brandear's target region
- 2 The competition at lower end of the Second Brand has escalated
- 3 Purchasing at higher end of the Second Brand increased, but seasonal factors halted sales

**Need to shift target region to increase profitability**

**Focus on the purchasing of high ticket items to increase profitability. Create brick and mortar stores and increase sales overseas.**



## Policies on purchasing and selling high ticket items

### Purchase

### Brick and Mortar Stores



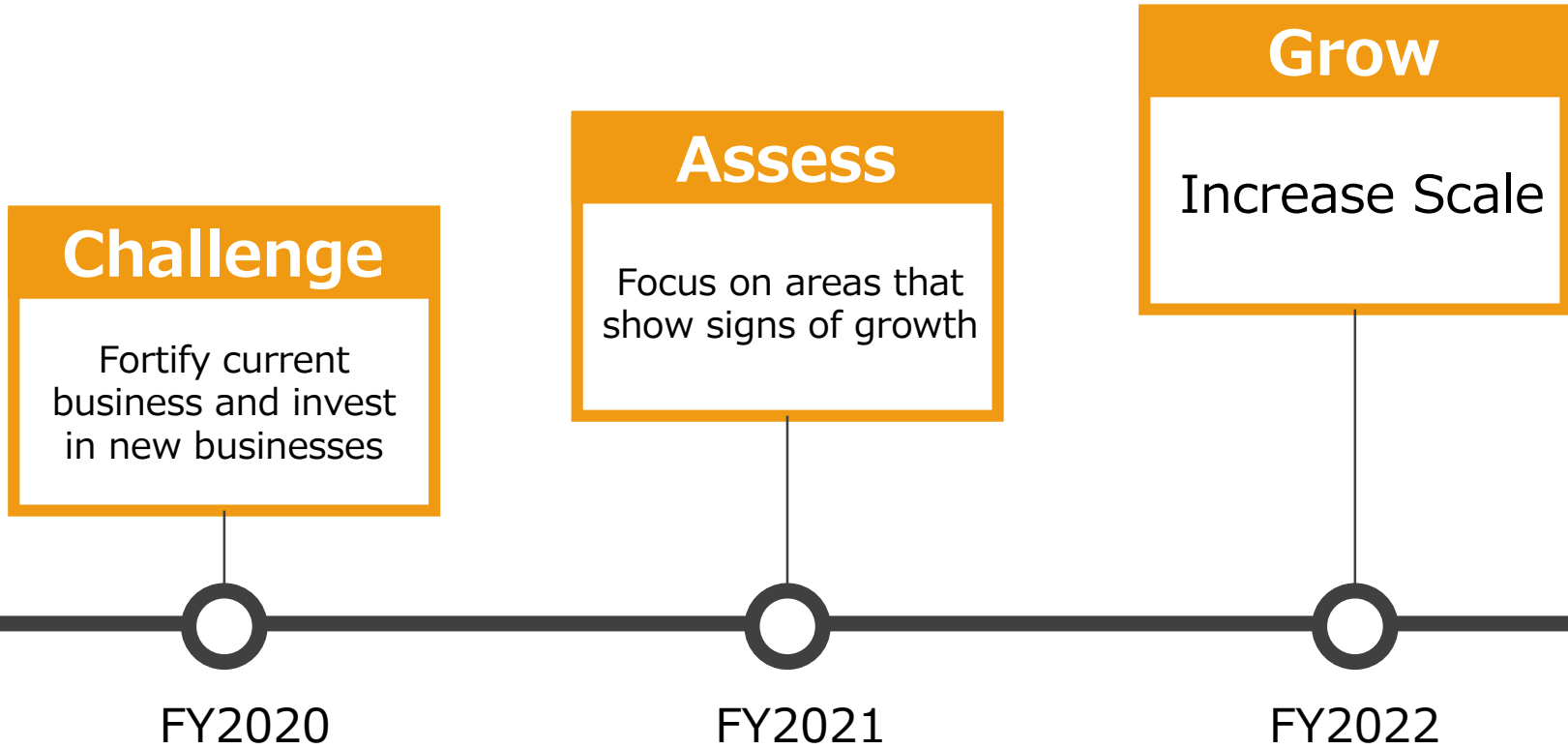
Using the expertise of liquor purchasing store “JOYLAB” to open stores in the Tokyo metropolitan area. Stores scheduled to open this fiscal year.

### Sales

### Foreign Marketplaces



Using Cross Border EC’s experience, including “Buyee,” to increase sales channels. Sell at market value. Aim to have 50% of sales come from abroad within the next 3 years.



# Incubation Business

### **New Businesses**

**Invest in new businesses in the Entertainment and Inbound Tourism fields**

### **Overseas Investment**

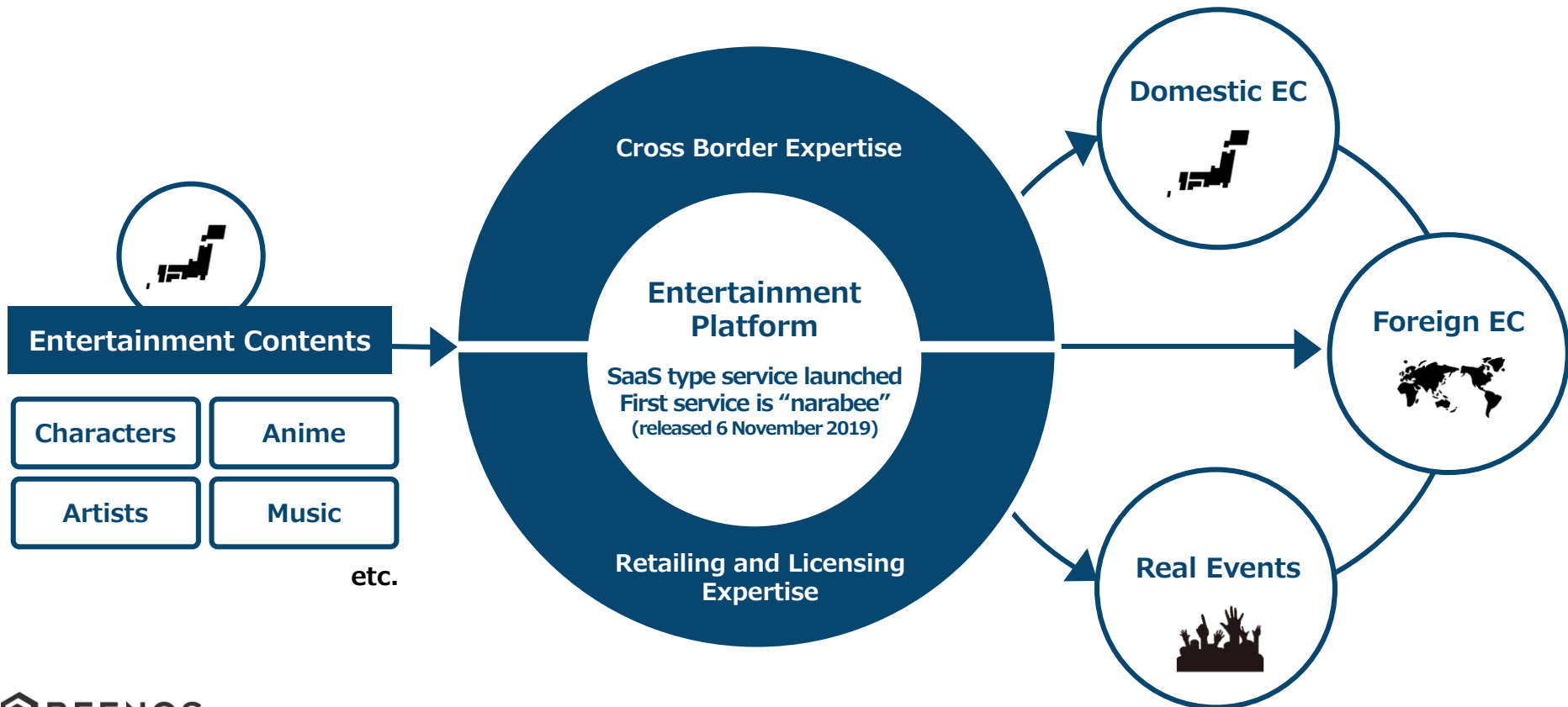
**Create partnerships with current businesses**

### **Domestic Investment**

**Find ways to partner with current businesses**

**Invest in companies that have potential to synergize with current businesses**

**Create an entertainment platform that will provide a one stop support system for the entertainment industry**



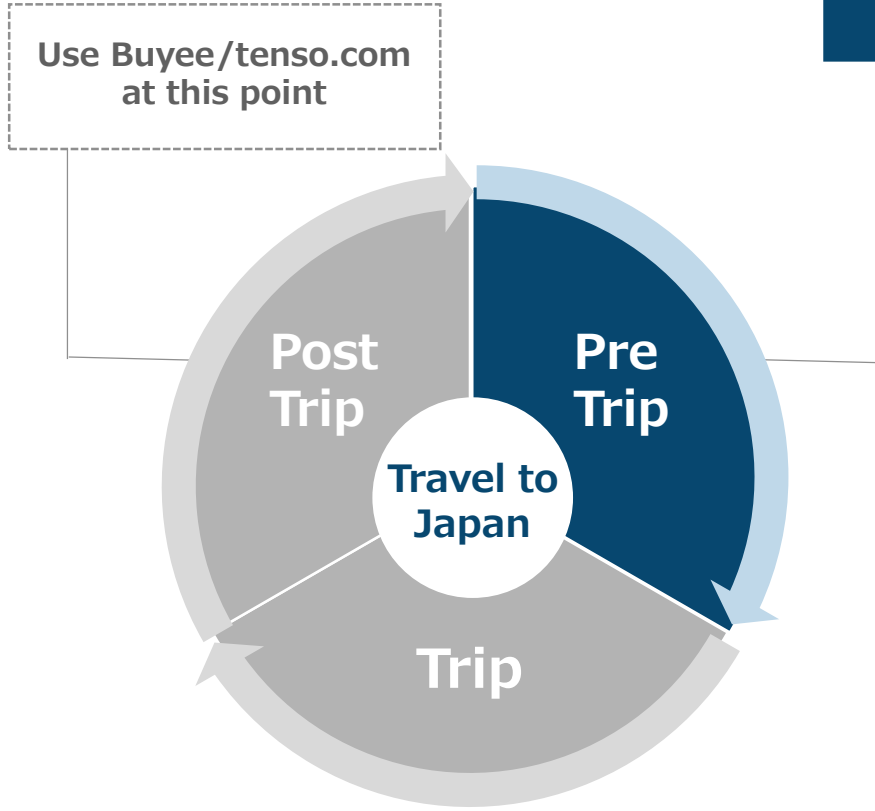
## Acquired "Travel Bar" one of Taiwan's largest media websites for travelers to Japan

- Acquire information about Japanese tourist sites and create travel plans on the platform
- 5.5 Million PV (monthly average)
- Users focused in Taiwan, Hong Kong and Macao

Assigned to new subsidiary  
BEENOS Travel Inc.







## Contact users Pre Trip

### Create and Share travel plans



### Plan to incorporate AI to create the optimal plan and purchasing functions (this year)

**Aiming for 15 Billion JPY annual GMV within 5 years**

# Forecast on sale of operational investment securities

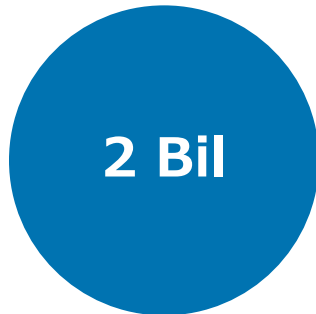
Monetize 20% of appraised gains as of March 2019 (4.3 Bil) by March 2020

Achieved as of December 2019

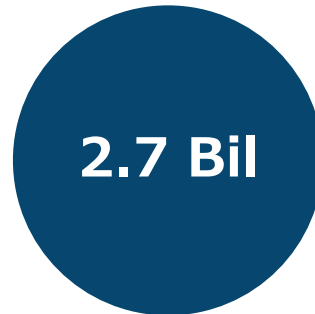
**Sell Accordingly**



Monetize



Monetize





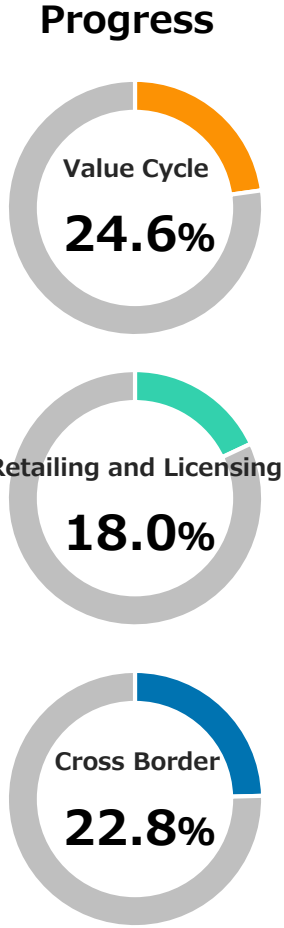
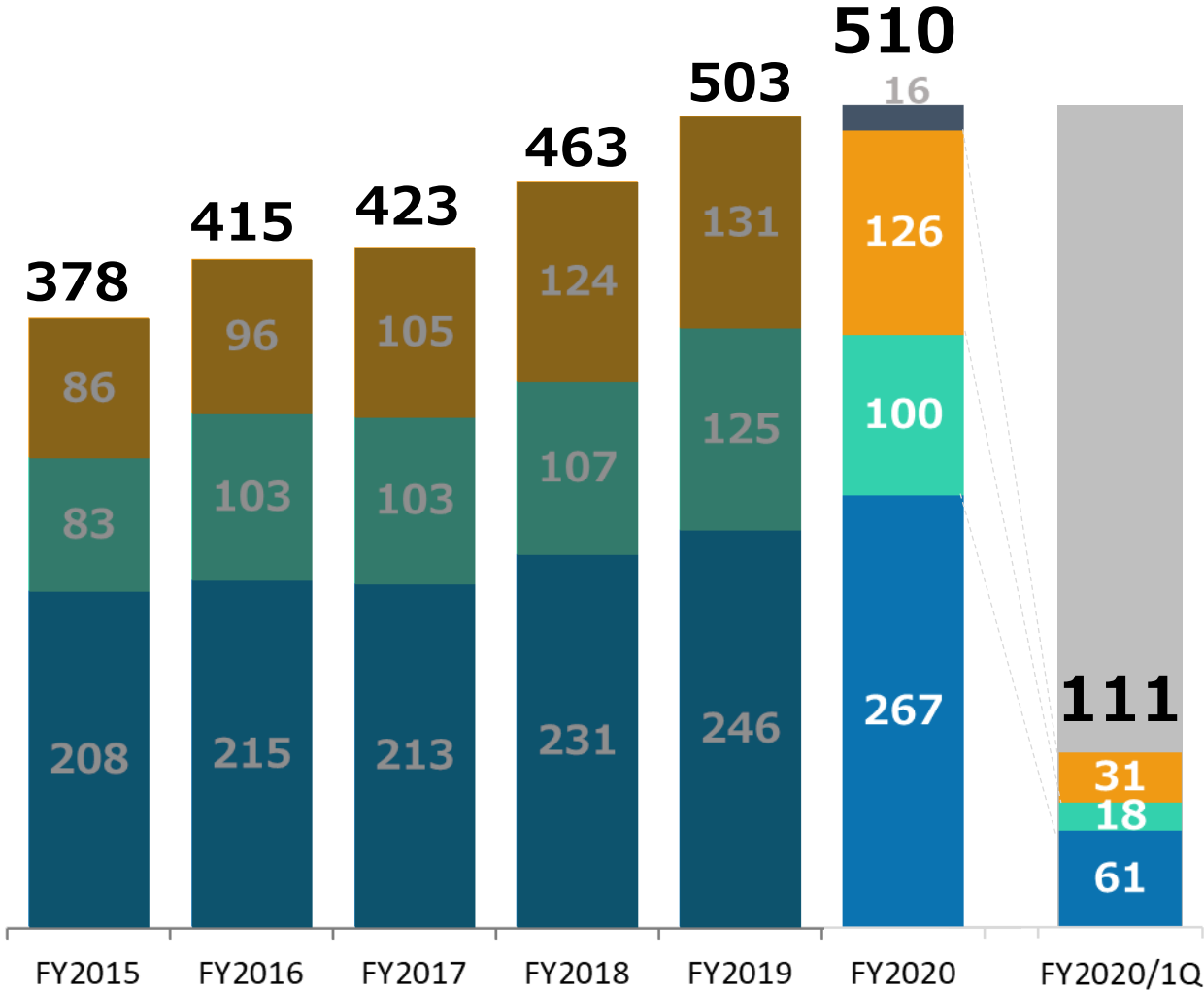
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## 03. Forecast

# Forecast (GMV) and Progress

# Consolidated Progress at 21.8%

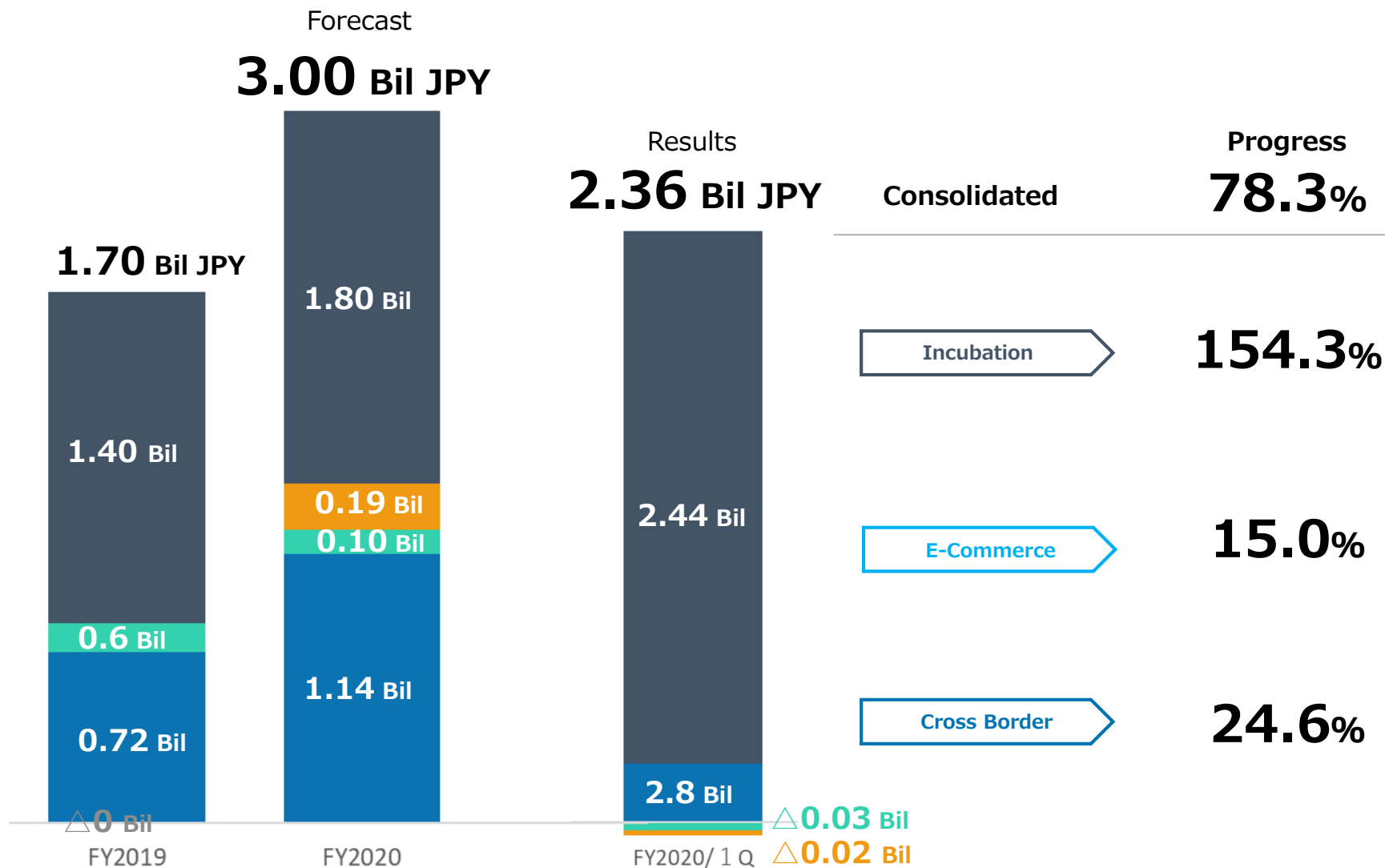
(Unit: 100 million JPY)



# Forecast (Operating Income) and Progress

- Incubation
- Value Cycle
- Retailing and Licensing
- Cross Border

**Resources are scheduled to be allocated to new businesses etc.**







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## 04. Highlights

# Recovered from YoY Losses

## E-Commerce Business

Resulted in positive (Negative in 1Q FY2019)

- Cross Border Record high quarterly results
- Value Cycle Reduced Losses
- Retailing and Licensing Decrease in events led to decreased GMV, losses

## Incubation Business

Recorded 2.7 Bil JPY in sales of operational investment securities

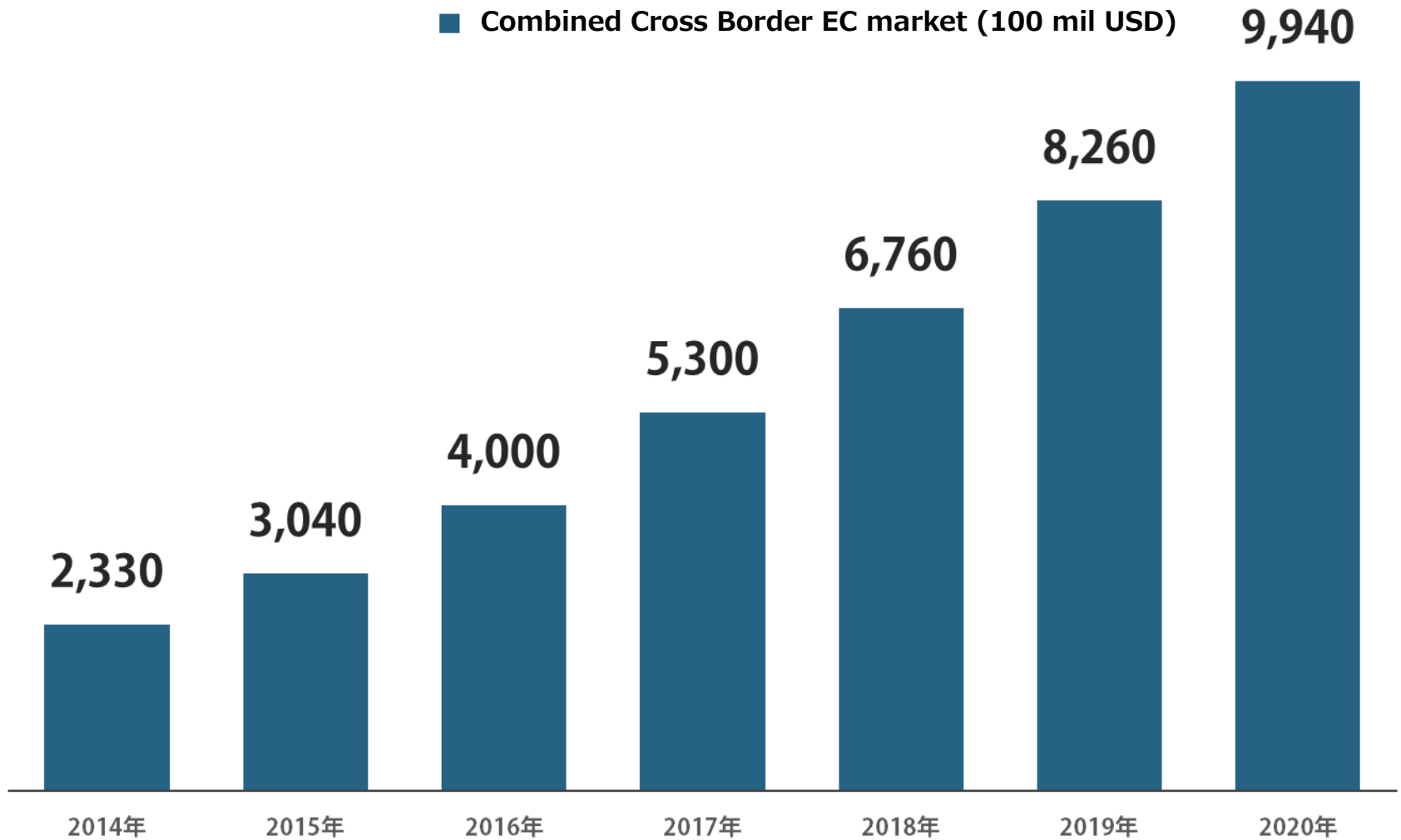


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## 05. Reference Materials



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



Reference : Alizila, Jan 2017

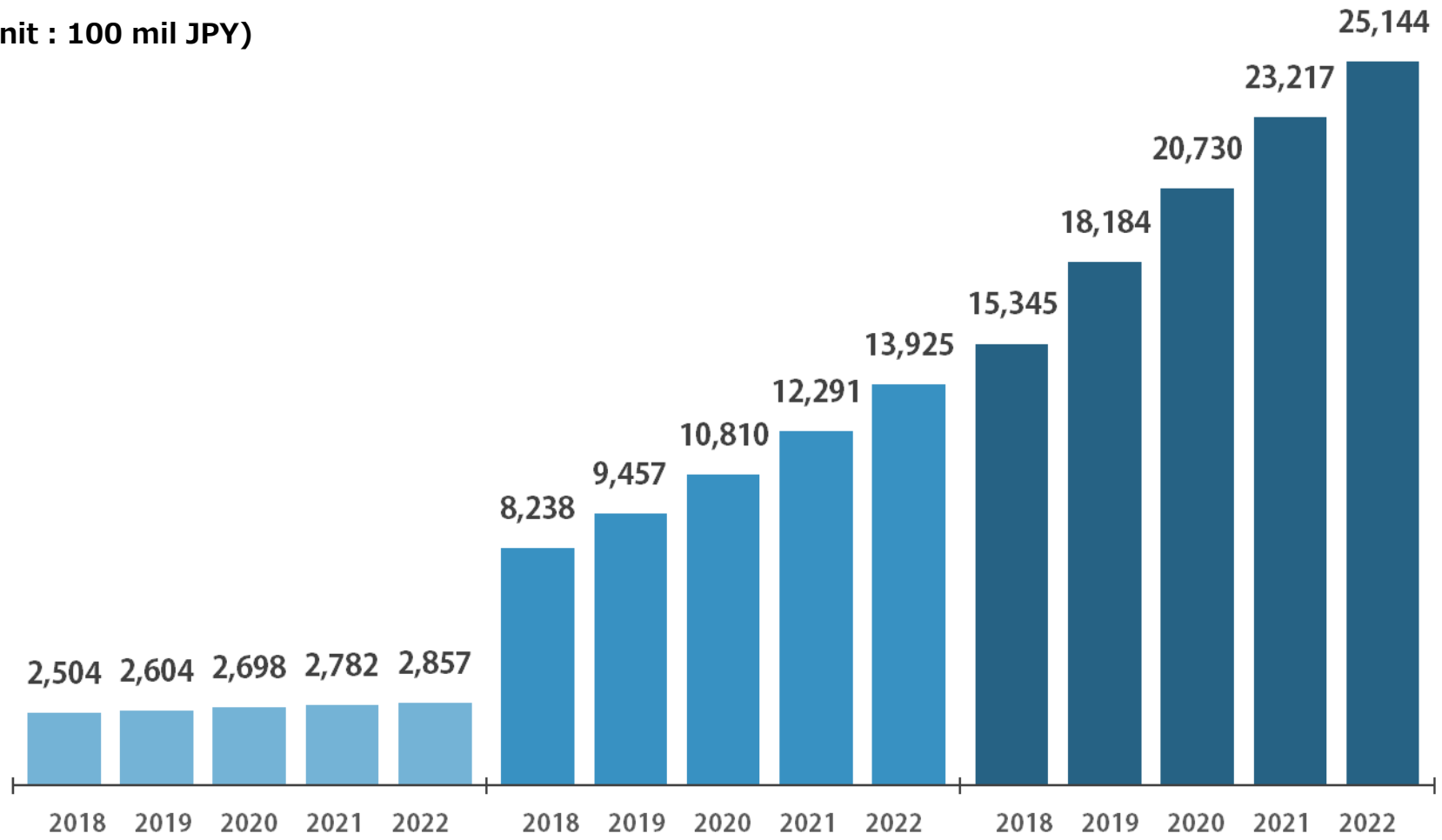
# Cross Border E-Commerce market between countries

US → Japan

Japan → US

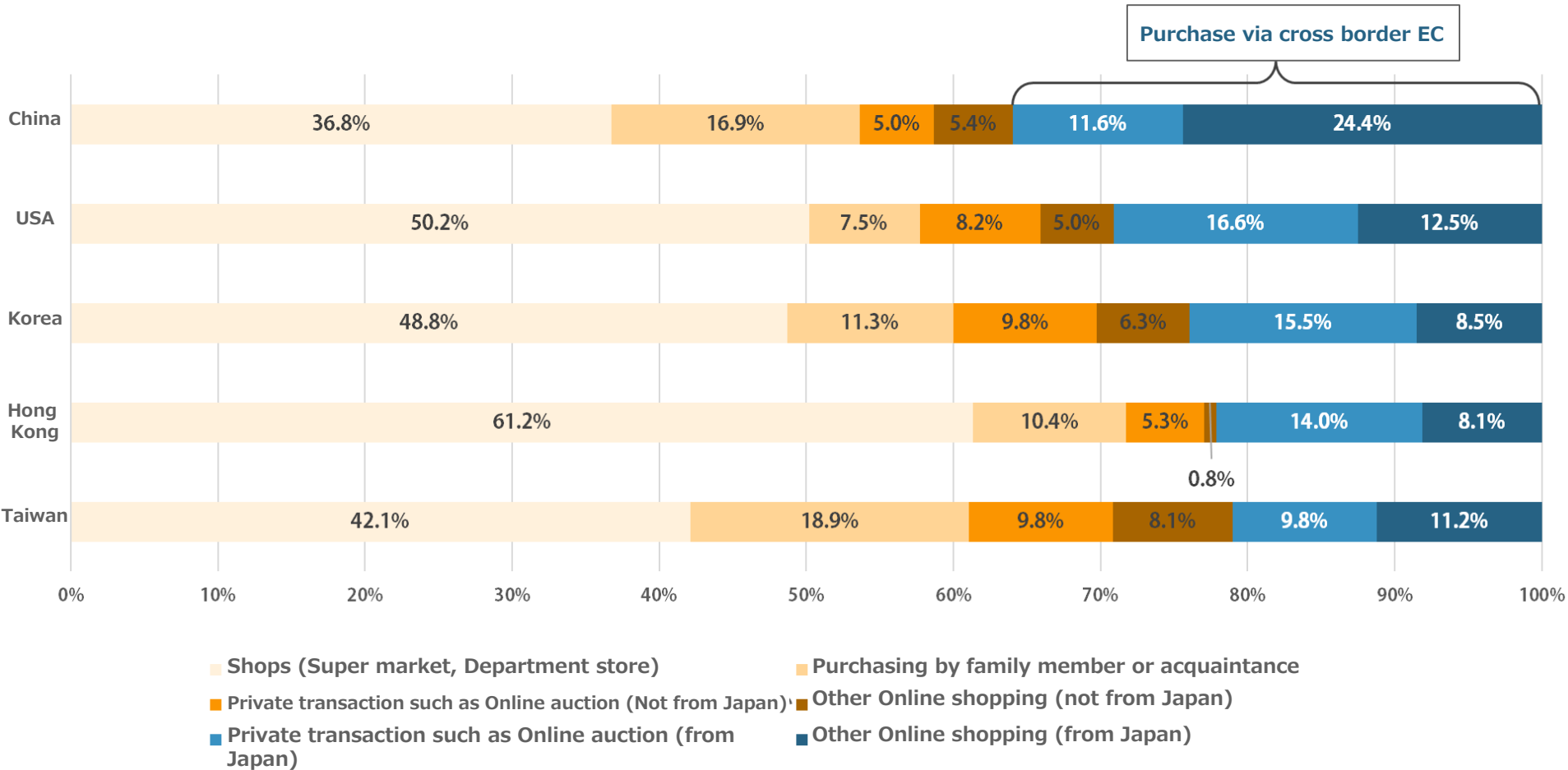
Japan → China

(Unit : 100 mil JPY)



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

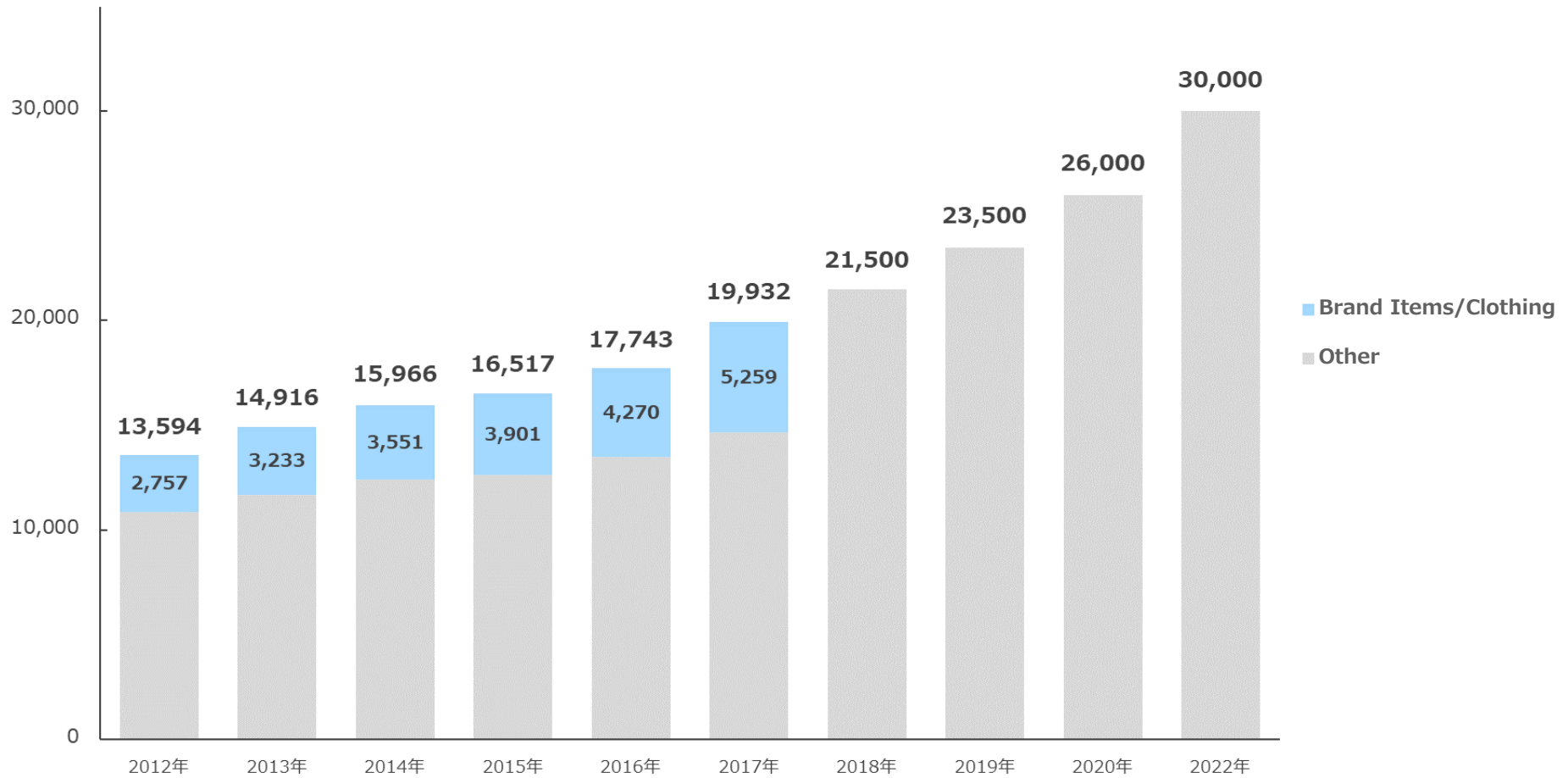
## How to purchase Japanese products



Reference : Survey of Japan Tourism Agency (2017)

# Reused Items Market

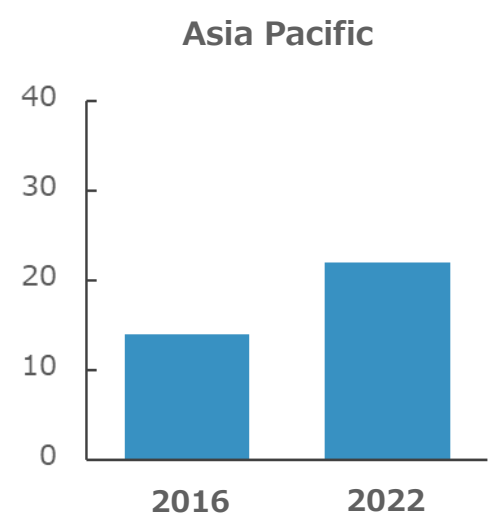
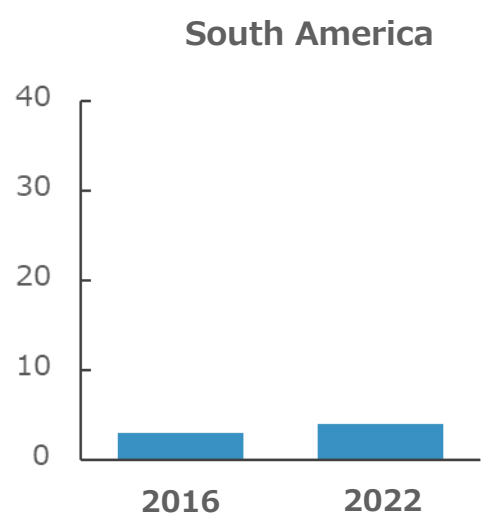
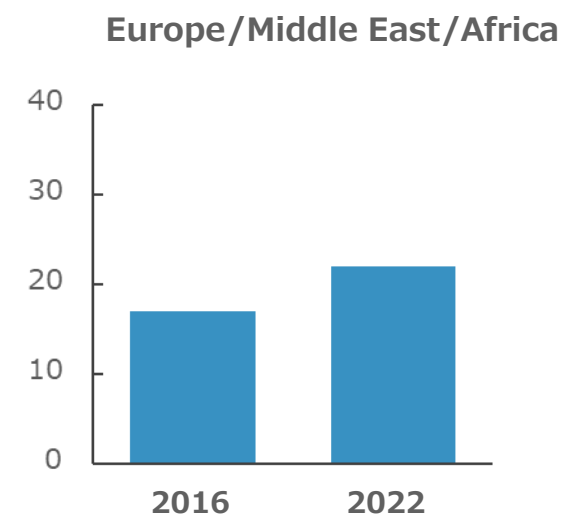
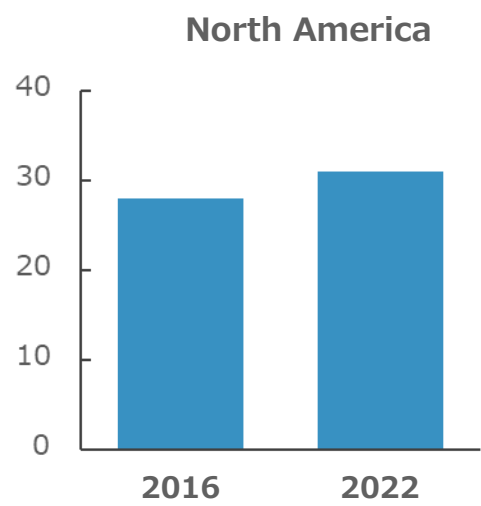
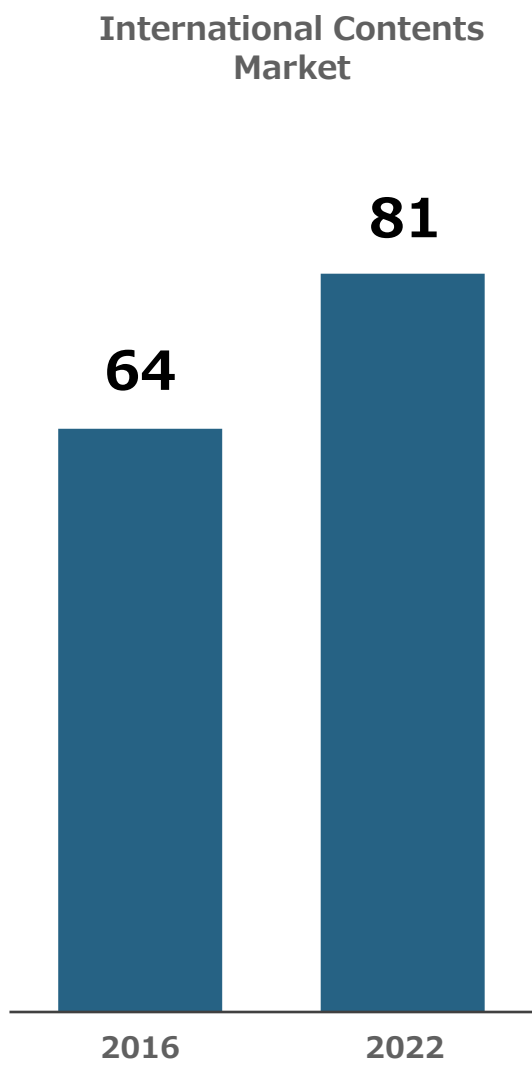
(Unit : 100 mil JPY)



Reference : Compiled internally based on "Updated Reuse Market by the Data" Published 11 May 2019 by the Remodeling Business Journal

# International Contents Market

(Unit : Trillion JPY)



Reference: RolandBerger Research

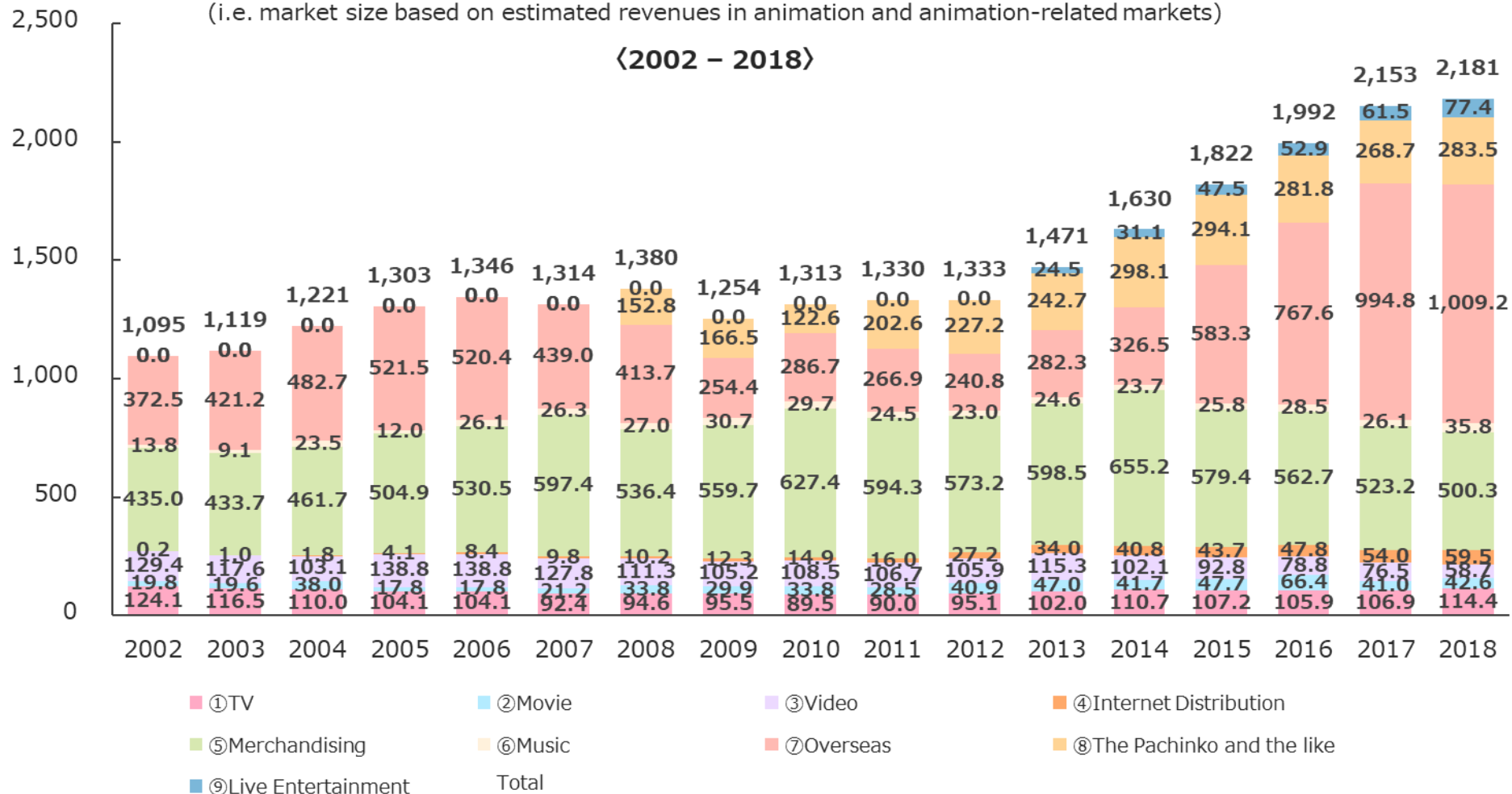
Calculated at 1 USD = 108 JPY

# 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)



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

# Fair Market Valuation of Operational Investment Securities

- Sale of Investments
- Gains
- Book Value

## Market Value

25.4

Monetize  
20%  
of Gains

2.0

21.1

21.6

## Market Value

15.9

13.1

2.8

3.8

4.1

2018/Sep

2019/Mar

2019/Sep

## Market Value

























25.2 Bil JPY

【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.

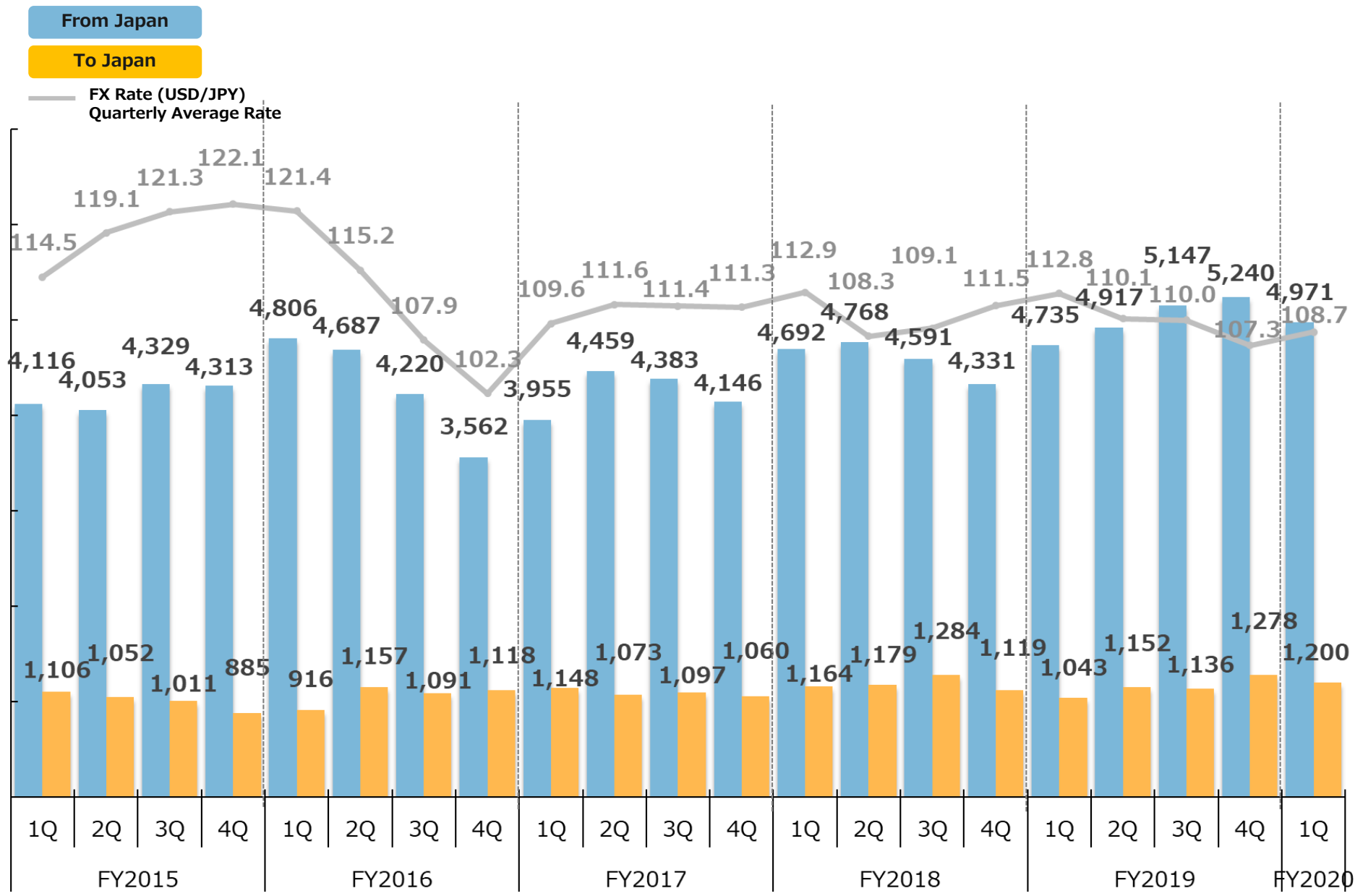
# List of Main Investments

As of December 2019

Investment Ratio	Emerging Countries		Other	
	India	Southeast Asia, etc.	USA	Japan
10% 以上		Turkey 	The Philippines 	metro engines  
5~10%	 	Vietnam 	Multiple African Countries 	
0.5~5%	    	Indonesia    Thailand   Bangladesh   The Philippines 		     

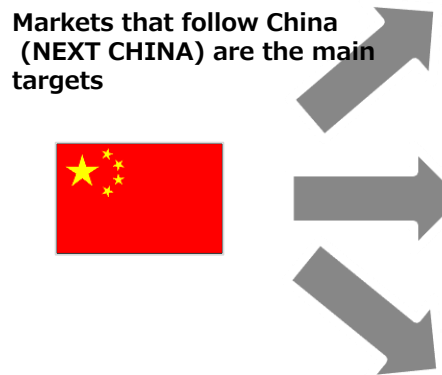


# Cross Border Business GMV and FX Rate



# Incubation Business Overview

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



	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
<hr/>		
	Price comparison service	May 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

## E-Commerce Business

Cross Border

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.

Value Cycle

Retailing and Licensing

## Incubation Business

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



**BEENOS Travel**  
Operates "Travel Bar," a travel media site for travelers to Japan