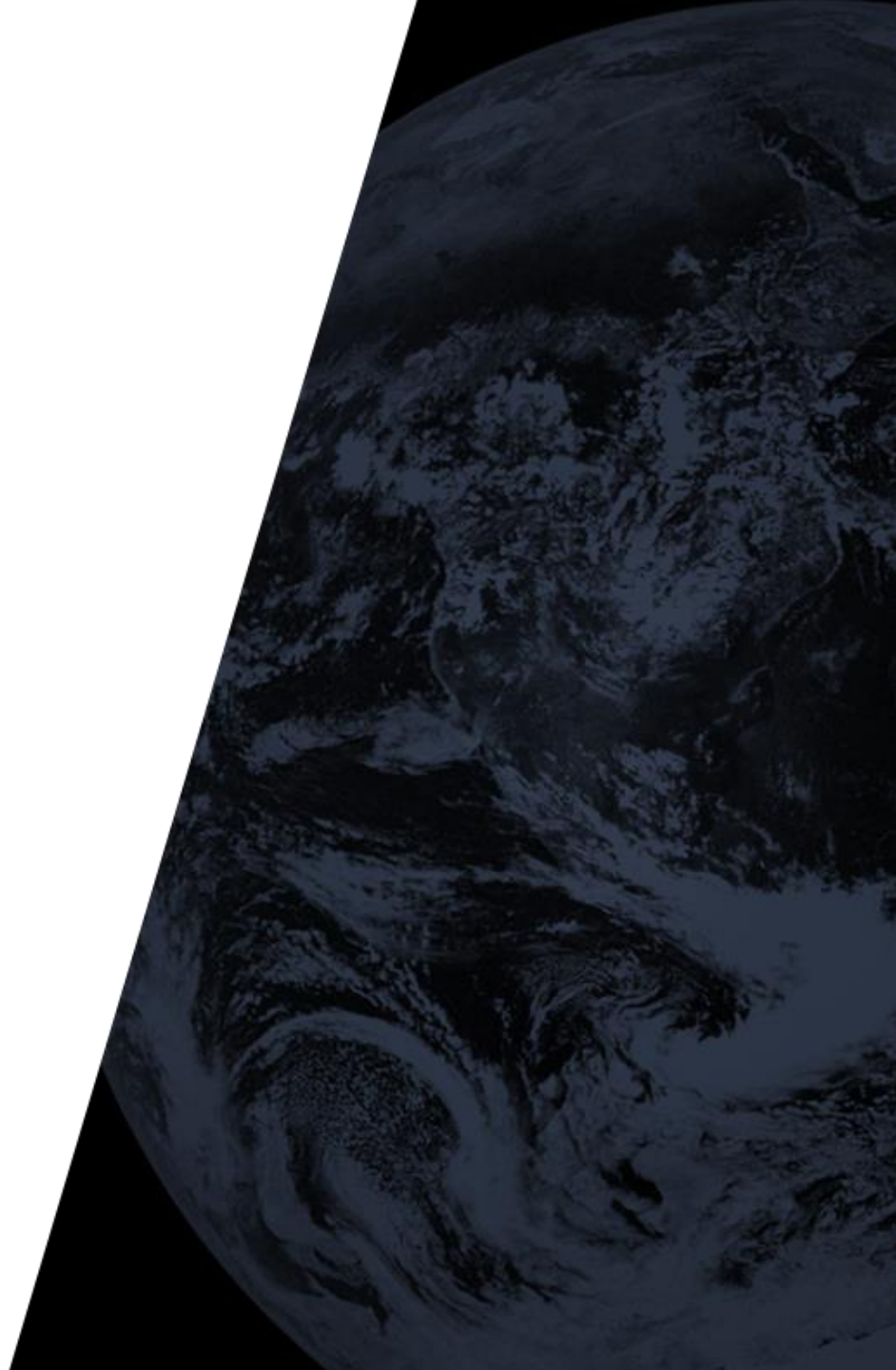




FY2020 2<sup>nd</sup> Quarter Results Briefing



# Quarterly Financial Results

January 2020 ~ March 2020



## Consolidated

## Incubation Business and E-Commerce Business both doing well

	Results	YoY
GMV	<b>24.56Bil JPY</b>	△1.4%
Net Sales	<b>14.28Bil JPY</b>	+22.2%
Operating Income	<b>2.61Bil JPY</b>	18 Mil JPY Loss

## E-Commerce

## Quarterly GMV and Operating Income record highs.

	Results	YoY
GMV	<b>24.40Bil JPY</b>	△ 2.0%
Net Sales	<b>11.36Bil JPY</b>	△1.8%
Operating Income	<b>0.81Bil JPY</b>	+222.6%

## Consolidated

**Record high GMV. Loss in the Incubation Business due to investments made in advance.**

	Results	YoY
GMV	<b>13.38Bil JPY</b>	+1.1%
Net Sales	<b>6.18Bil JPY</b>	△3.5%
Operating Income	<b>0.24Bil JPY</b>	△15.5%

## E-Commerce

**Quarterly GMV and Operating Income record highs.**

	Results	YoY
GMV	<b>13.28Bil JPY</b>	+0.4%
Net Sales	<b>6.11Bil JPY</b>	△2.5%
Operating Income	<b>0.59Bil JPY</b>	+57.9%

## E-Commerce

### Quarterly record highs in GMV, Operating Income

**Cross Border** ▶ GMV, Operating Income record highs

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**Value Cycle** ▶ Was proceeding as planned until stay at home orders stunted sales

---

**Retailing and Licensing** ▶ Decrease in GMV due to cancellation of events

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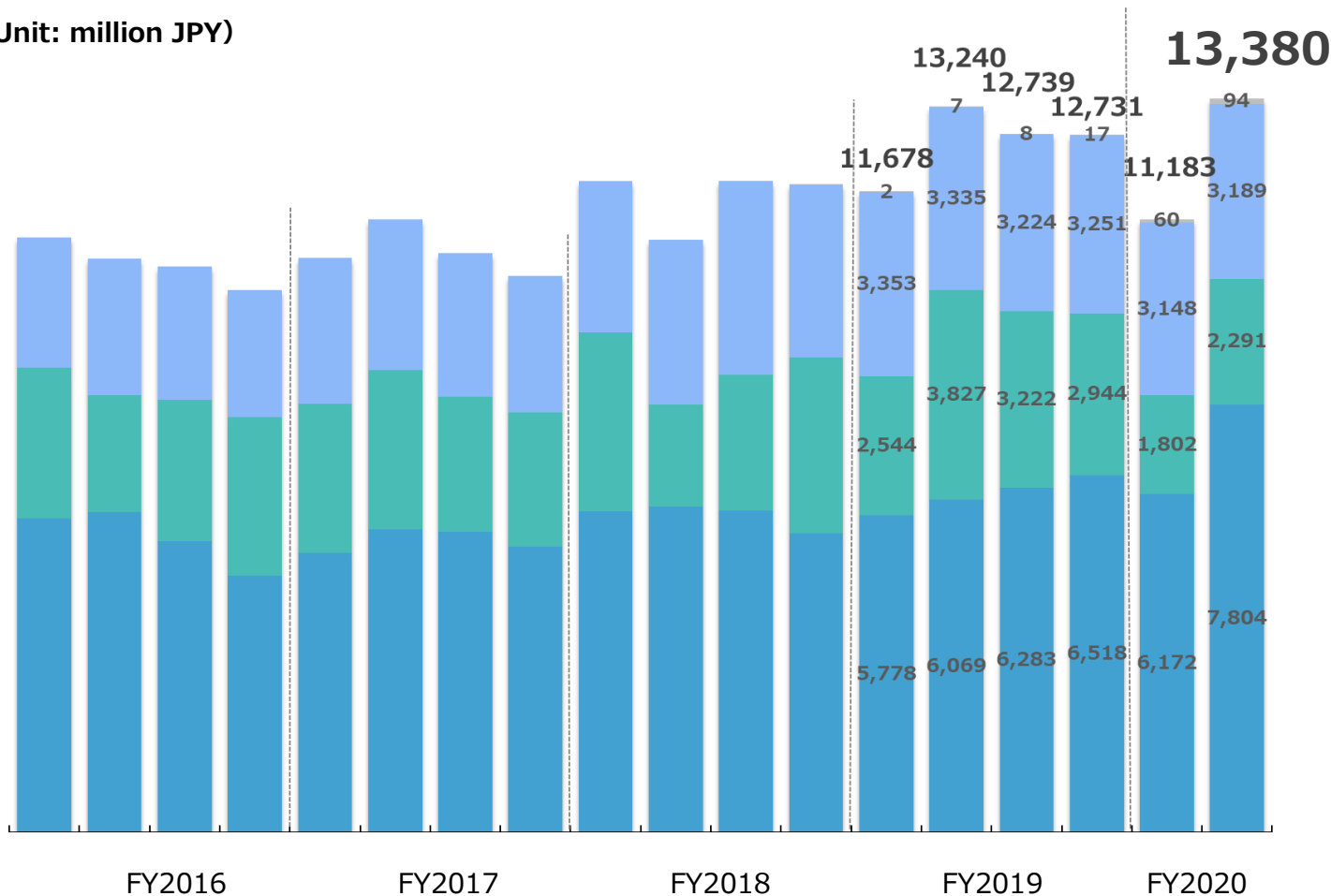
## Incubation

**Made investments in advance for new businesses.**

**No sales recorded on operational investment securities.**

# Strong growth in the Cross Border Business leads to record high.

(Unit: million JPY)



Value Cycle

**-4.4%**  
Decrease due to cutting back on shopping

Retailing and Licensing

**-40.1%**  
Decrease due to cancellation of events

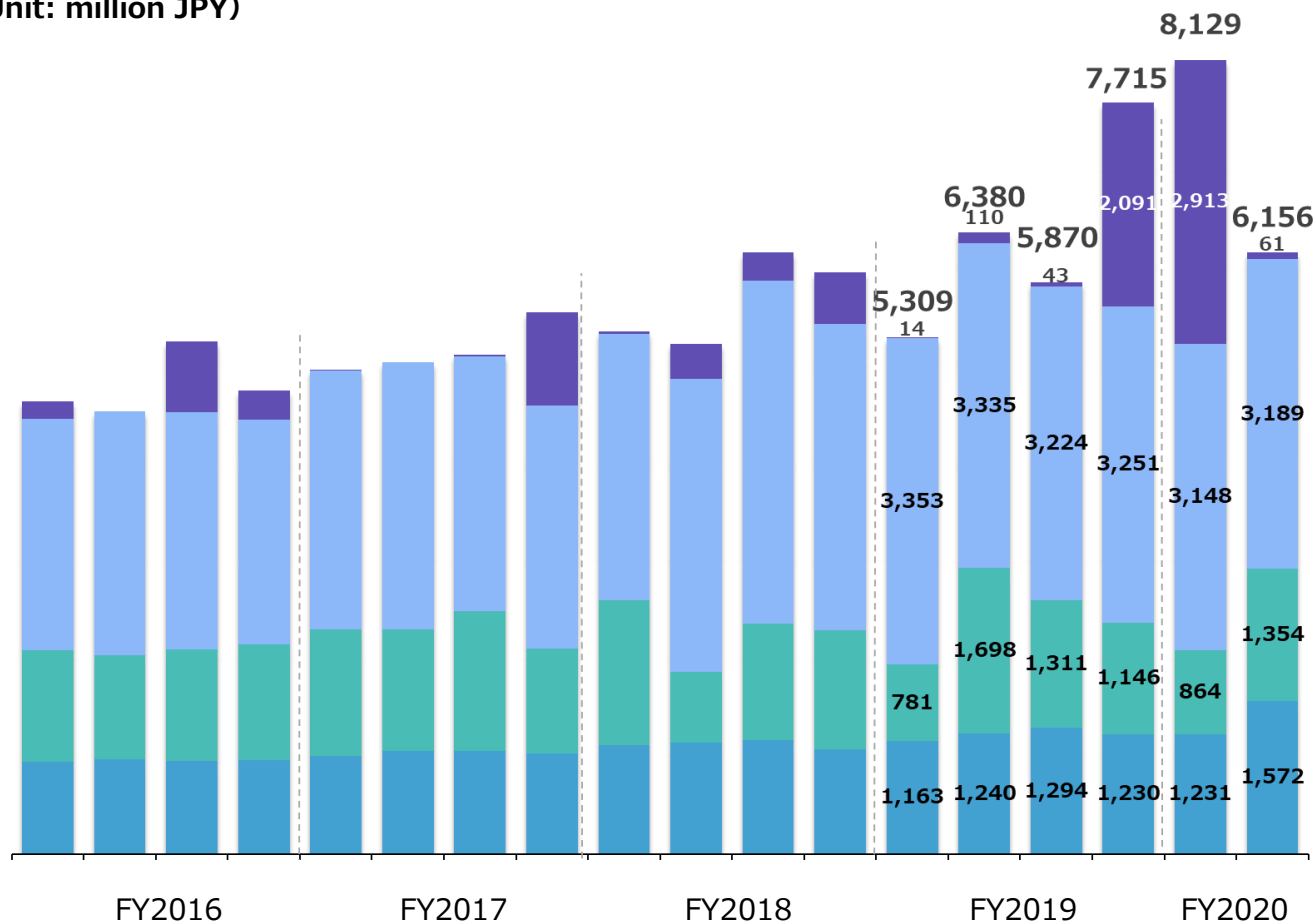
Cross Border

**+28.6%**  
Consumer shift to digital commerce led to strong 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.

# Cross Border Business achieved record high in sales, but 3.5% decrease YoY due to stay at home orders implemented as a result of COVID-19.

(Unit: million JPY)



**Incubation**

Decrease due to lack of sales of investments

**Value Cycle**

**-4.4%**

Decrease due to cutting back on shopping

**Retailing and Licensing**

**-20.2%**

Decrease in GMV led to decrease in sales

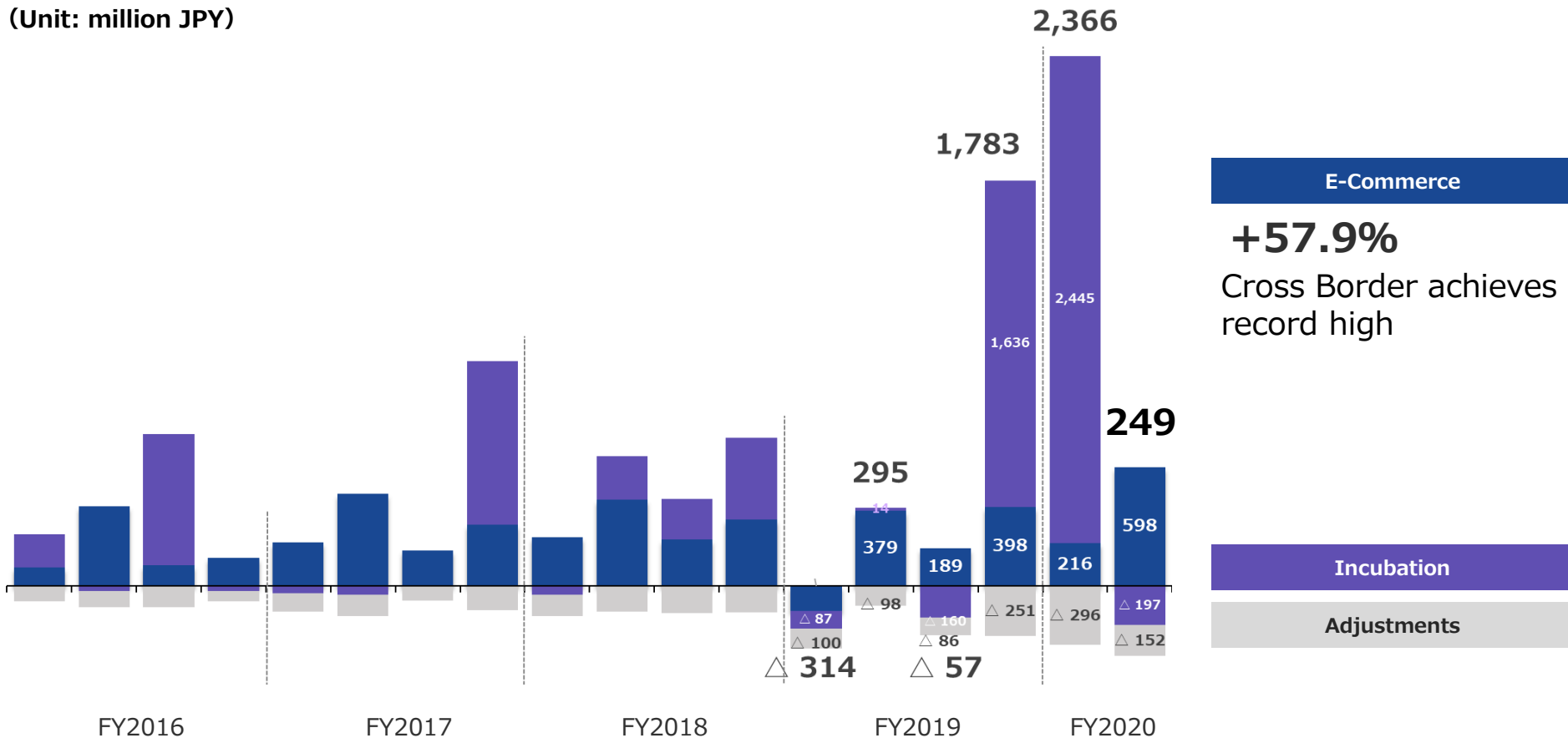
**Cross Border**

**+26.7%**

Sales increase in conjunction with rise in GMV

# E-Commerce Business achieves record high. Incubation Business records losses due to using its resources towards new businesses.

(Unit: million JPY)



**E-Commerce**

**+57.9%**  
Cross Border achieves record high

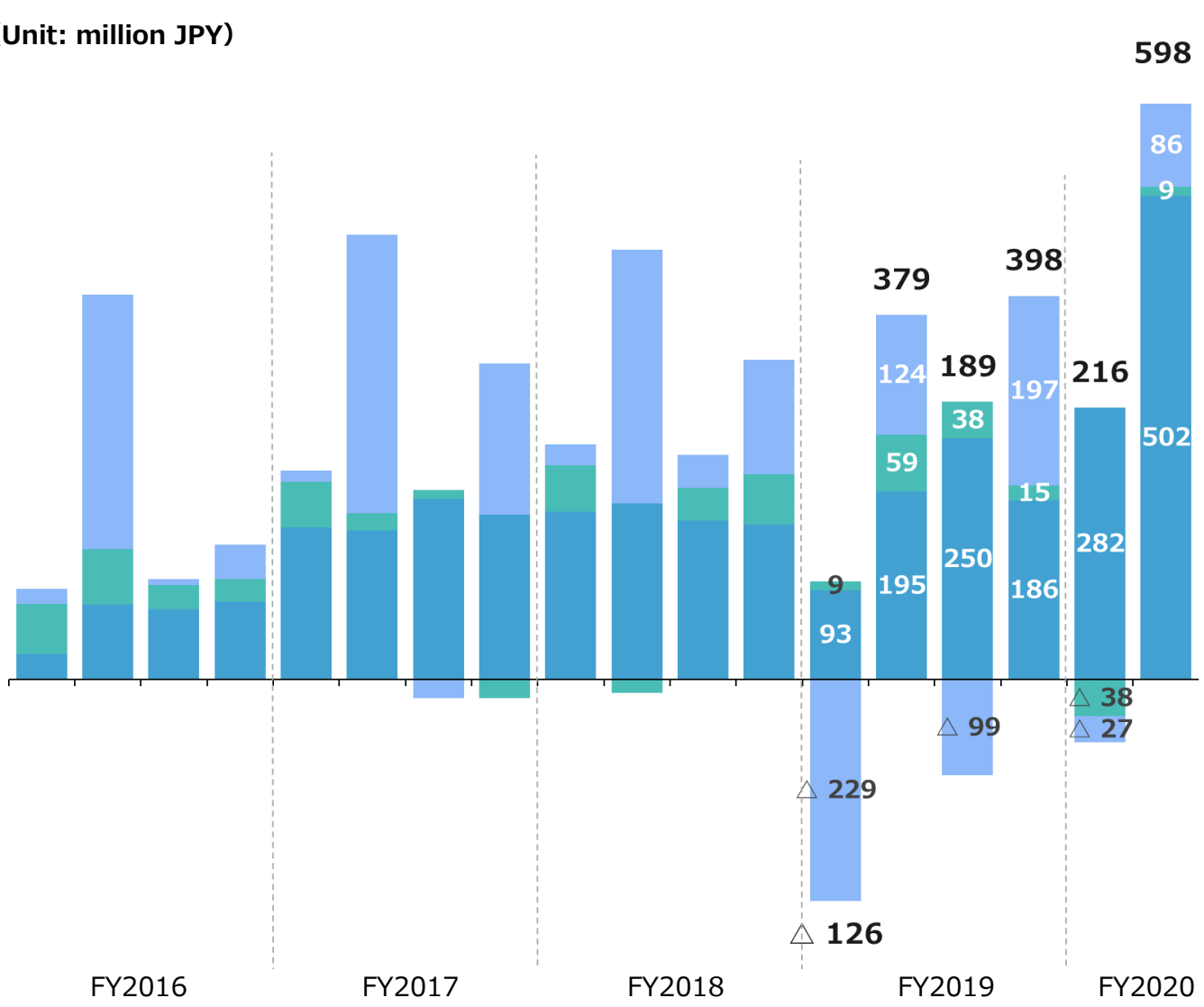
**Incubation**

**Adjustments**



# Record high in Cross Border Business and E-Commerce as a whole.

(Unit: million JPY)



**Value Cycle**

**-30.2%**  
Cut back on costs including advertising, but decreased in profits due to lack of sales

**Retailing and Licensing**

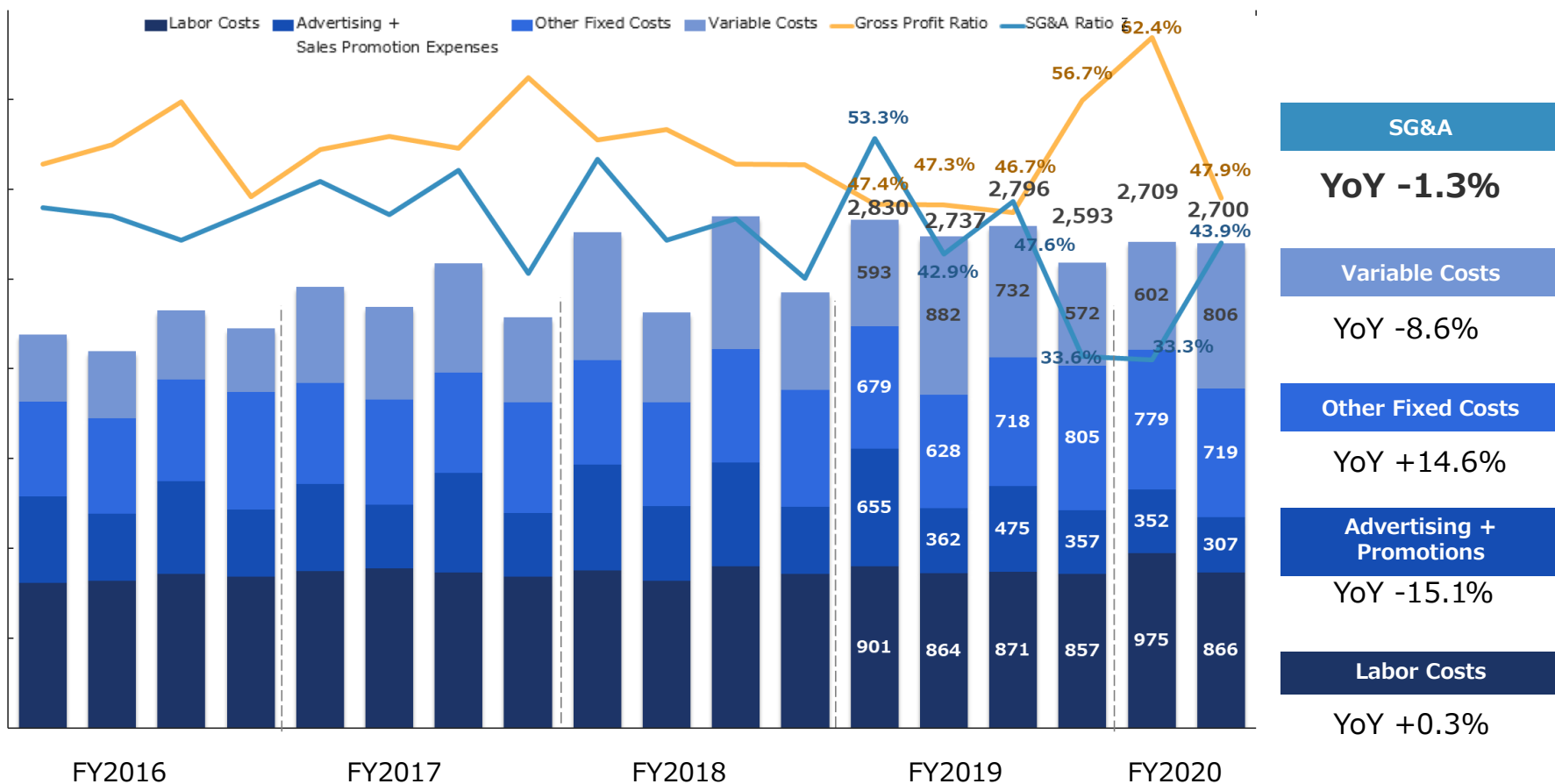
**-83.5%**  
Decrease in GMV and sales led to decrease in profits

**Cross Border**

**+156.7%**  
Increase in sales combined with cuts in fixed costs due to automation led to increased gains

# Gross profit ratio decreases QoQ due to no sales of investments. SG&A decreases due to cutting back on advertising and low variable costs due to decrease in sales.

(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

Unit: Million JPY	1Q/FY2020 March 2020	1Q/FY2020 December 2019	QonQ
Current Assets	<b>16,975</b>	17,365	△390
Cash and deposit	<b>6,677</b>	7,328	△651
Account Receivable	<b>1,148</b>	607	540
Operational Investment Securities	<b>4,120</b>	4,284	△164
Products	<b>2,524</b>	2,784	△260
Fixed Assets	<b>2,518</b>	2,404	114
Tangible Assets	<b>387</b>	404	△17
Intangible Assets	<b>614</b>	437	177
Investment etc.	<b>1,515</b>	1,562	△46
Current Liabilities	<b>7,569</b>	7,599	△29
Account Payables	<b>410</b>	248	161
Short-term Loan	<b>2,600</b>	2,650	△50
Fixed Liabilities	<b>571</b>	571	0
Net Assets	<b>11,352</b>	11,598	△246
	△603	△567	△35
Total Assets	<b>19,493</b>	19,769	△276

- Appraised Loss : △1 Mil
- FX Fluctuation : △ 98 Mil
- Re-Allocation : △65 Mil

# Business Highlights and Future Strategies



**Convert to working remotely as of mid-February.  
Taken early measures to  
prevent the spread of the virus.**

## Impact on each business in 2Q is minimal

	Current Condition and Performance
Cross Border	From JAPAN and To JAPAN both see growth despite the suspension of international shipping. GMV and Operating Income at record highs.
Retailing and Licensing	Concerts and live events being cancelled. Impact on sales despite shifting sales of merchandise online.
Value Cycle	Struggle to sell beginning March due to consumers cutting back on spending.
Incubation	Foreign Investments: Large marketplaces are seeing increase in demand in necessities. Fundraising now an obstacle. New Businesses: Inbound tourism temporarily suspended

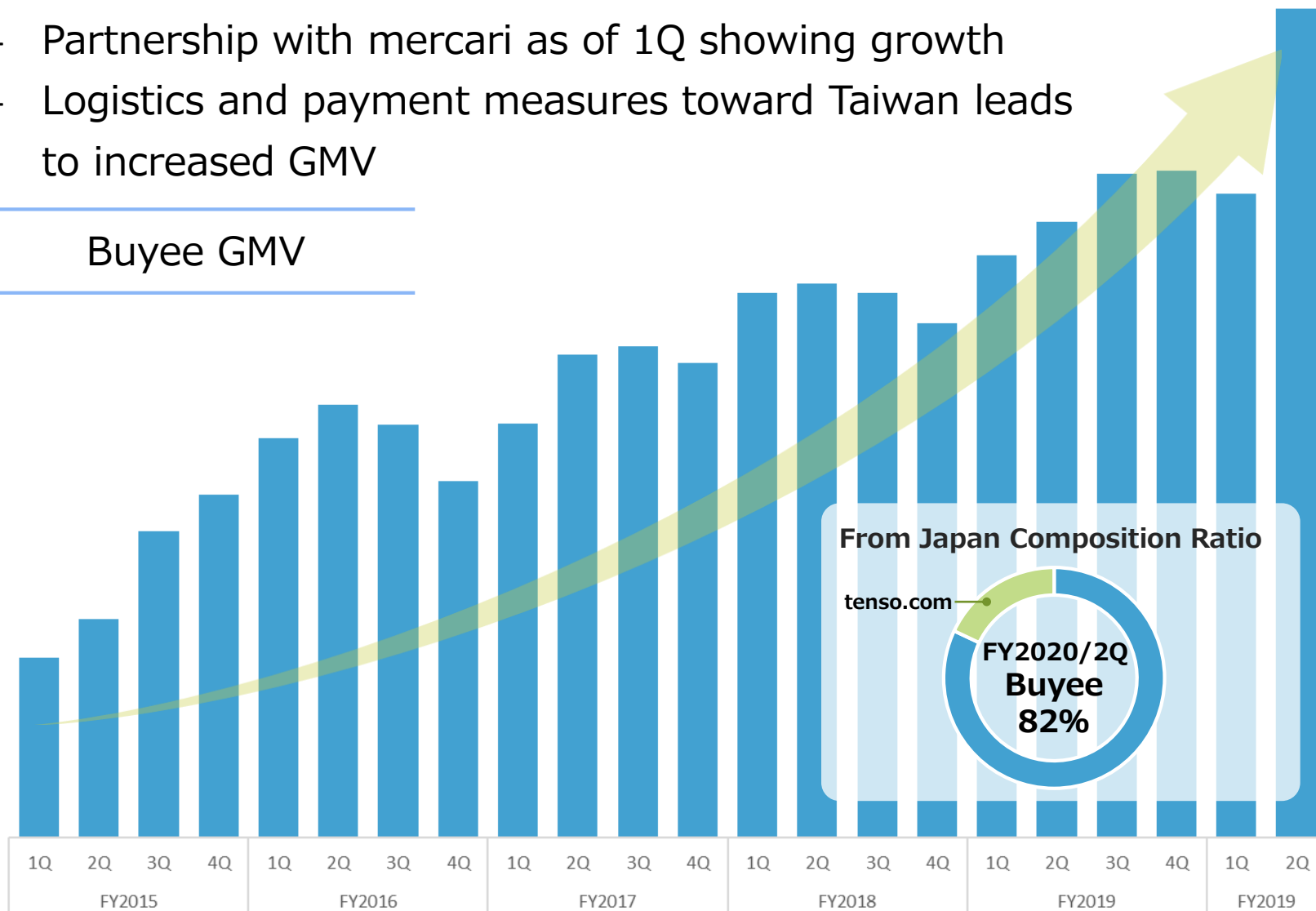
# Cross Border Business



# GMV +34.7% YoY. Achieved quarterly record high. Beginning to sow the fruits of our labors.

- Partnership with mercari as of 1Q showing growth
- Logistics and payment measures toward Taiwan leads to increased GMV

Buyee GMV





# EMS, our main mode of international shipment, is suspended as of March. Implementing new shipping methods.

## List of International Shipping Methods

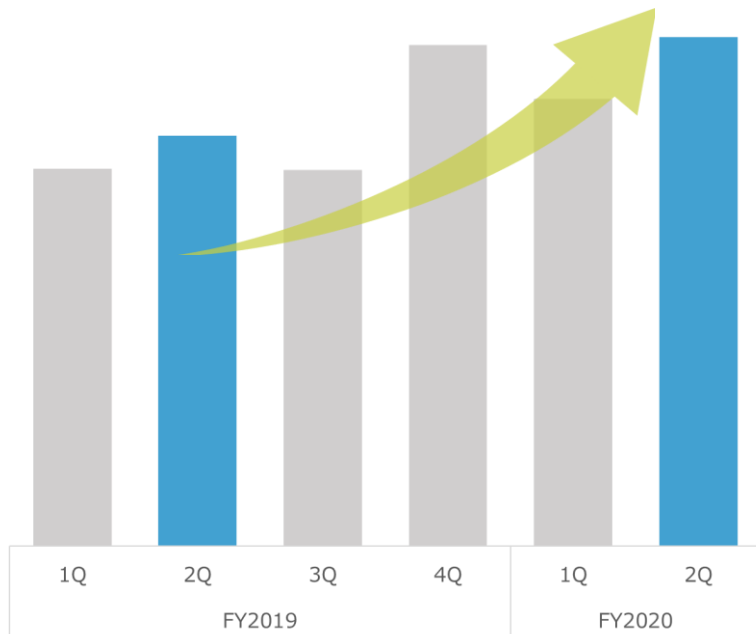
Shipping Method	Type	Days	Shipping Fee →International Shipping Fees	
			Example: 1kg Package to Asia	Example: 10kg Package to Asia
<b>Recommended</b>				
<b>EMS</b> (Japan Post International Courier) →Simple Estimation Tool	-	2-4 days	2,100 yen	10,500 yen
<b>AIR</b> (Japan Post Airmail)	International Parcel	3-6 days	2,050 yen	7,850 yen
	Small Package with Tracking		1,860 yen	N/A Too Large
<b>SAL</b> (Japan Post Economy Airmail)	International Parcel	6-13 days	1,800 yen	6,700 yen
	Small Package with Tracking		1,290 yen	N/A Too Large
<b>Japan Post Seamail</b>	International Parcel	1-3 months	1,600 yen	4,300 yen
<b>UPS</b>	-	1-3 days	2,703 yen	7,303 yen
<b>DHL</b>	-	1-4 days	1,942 yen	3,865 yen

Shipping Method	Type	Days	Shipping Fee	
			Example: 1kg Package	Example: 9kg Package
<b>Buyee Air Delivery</b> (For Taiwan only)	-	5-7 days	900 yen	7,500 yen
<b>ECMS</b> (For Taiwan only)	-	6-8 days	1,512 yen	7,656 yen

**Increase in Sales due to SEO measures and campaigns.  
Cuts in costs helped drive growth in operating income.**

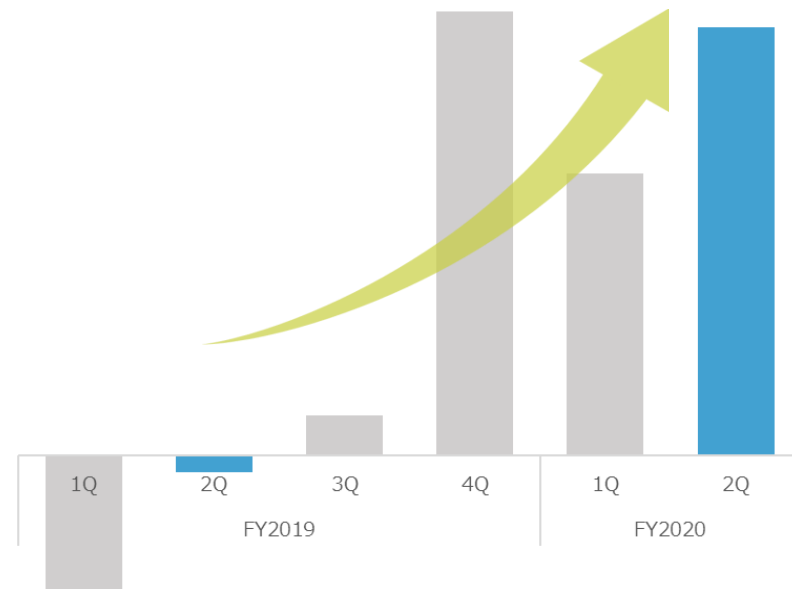
### Net Sales

**YoY +24%**



### Operating Income

**Restore Profitability**



# Retailing and Licensing Business



# Entertainment Business

Produces official merchandise for Japanese artist groups and operates their official EC sites

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## Effects of COVID-19

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- Concerts and live events postponed or cancelled
- Switch to live stream concert for artists that we run the EC sites for
- Artists promote merchandise to the 400k live viewing audience
- Sell merchandise on official EC sites

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## Countermeasures

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- Events likely to continue to be postponed. Will fortify sales of merchandise online
- Develop a new online service and entertainment platform and make the digital shift

# Global Product Business

Producing merchandise for licensed celebrities and characters

## 2Q Highlights

- Produced “Kirby Cosmetics” following the success of the “Pokemon Gift Cosme Series” which has shipped over 1 million items
- Scheduled to be sold in about 1,000 stores. The first installment of 50,000 units sold out immediately



Lip Balm • Eye Shadow • Rubber Mirror

## Countermeasures

- Sales expected to fall due to decrease in spending from inbound consumers
- Make adjustments in production and fortify Cross Border EC sales

# Value Cycle Business



# Brandear: Apparel Reuse Business

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## 2Q Highlights

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- Increasing scheduled purchasing and usability by making pickups more flexible
  - Sifting through and focusing on the best resources
  - Optimizing workflow
- 

## Effects of COVID-19

---

- Plans to improve profitability was proceeding as scheduled, but sales started declining as of mid-March
- 

## Countermeasures

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- Cutting costs until COVID-19 subsides
- Fortify efforts in coordinating with domestic companies and foreign sales channels

# Incubation

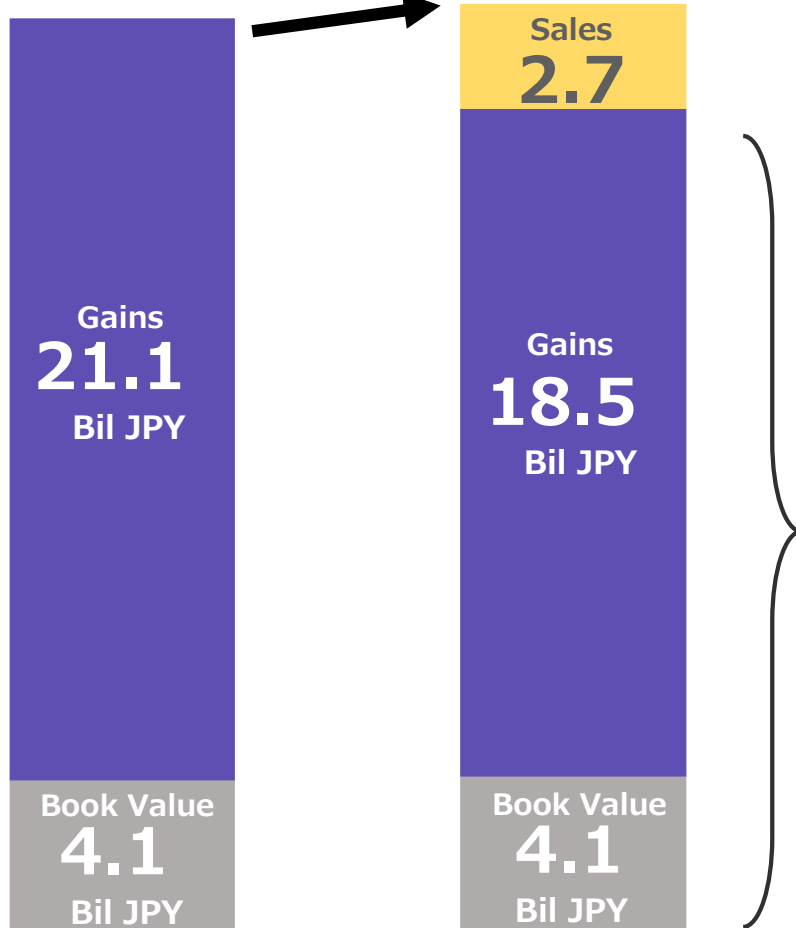




# No change in value of investments. Recorded sales in 1Q.

Market Value  
**25.2** Bil JPY

**25.3** Bil JPY



## Market Value **22.6** Bil JPY

【How we calculated the market value】

Listed Companies: Stock price as of 31 March 2020

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.

2019/Sep

2020/Mar

# Foreign Investments

## Effects of COVID-19

- Seeing markets shift digitally in rapid succession
- Large marketplaces see an increase in daily necessities
- Specialized marketplaces, especially in non-essential items, are being hit hard and expected to continue

## Countermeasures

- Every company is producing ways to adapt to the digital shift and create new services

## Fundraising

- Companies that were planning to raise funds to increase value are stuck for the time being. However, many have received aid from shareholders to secure at least a year's worth of funding.
- We predict that we will not see opportunities to sell for a while



PCR Drive-thru testing conducted by Indian in-home physical exam marketplace "Healthians"

## Impact on each business in 2Q is minimal

	Countermeasures
Cross Border	<b>Capitalize</b> International shipping suspended in certain areas. Considering new shipping and payment methods in case rates increase. Emphasize on Taiwan.
Retailing and Licensing	<b>Pull Back</b> Cut costs. Fortify online sales of merchandise. Develop new online entertainment service.
Value Cycle	<b>Pull Back</b> Cut back on costs while supporting restaurants and households.
Incubation	Investments: Focus on supporting current investments New Businesses: Cut costs

# Forecast



## Policy Regarding our Forecast

Though the effects of COVID-19 is minimal to the Cross Border Business, we are seeing a negative impact on the Value Cycle Business and Retailing and Licensing Business due to consumers cutting back on recreational shopping and the cancellation of events. There is also uncertainty regarding the sales of investment securities in the Incubation Business. Given these circumstances, we have made the following adjustments to our FY2020 forecast initially announced on 7 November 2019.

### Preconditions

Cross Border Value Cycle	International shipping logistics maintain its current status Sales drop due to consumers cutting back on spending from the stay at home order
Retailing and Licensing Incubation	All events involving large audiences in 2H 2020 are cancelled Decreased opportunity to sell investments

<b>Consolidated</b>	Initial Forecast	Revised Forecast
GMV	51.0Bil JPY	<b>45.0 ~ 47.7Bil JPY</b>
Net Sales	26.0Bil JPY	<b>23.5 ~ 26.0Bil JPY</b>
Operating Income	3.0Bil JPY	<b>2.35 ~ 3.14Bil JPY</b>

## Revised Forecast by Segment

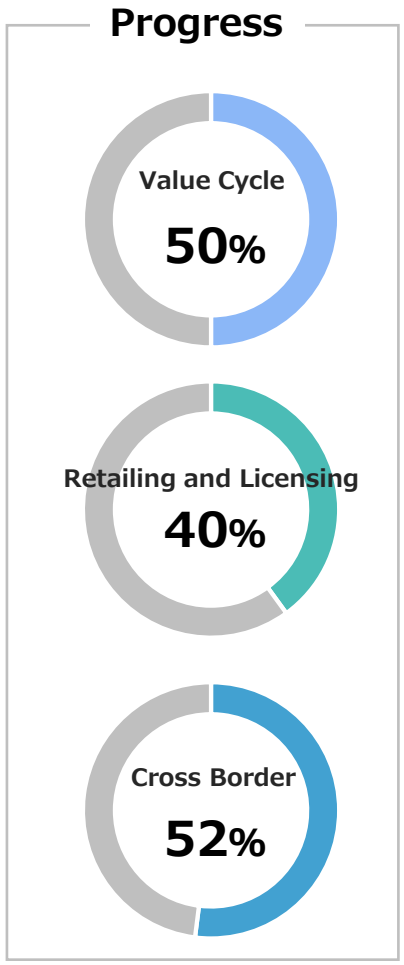
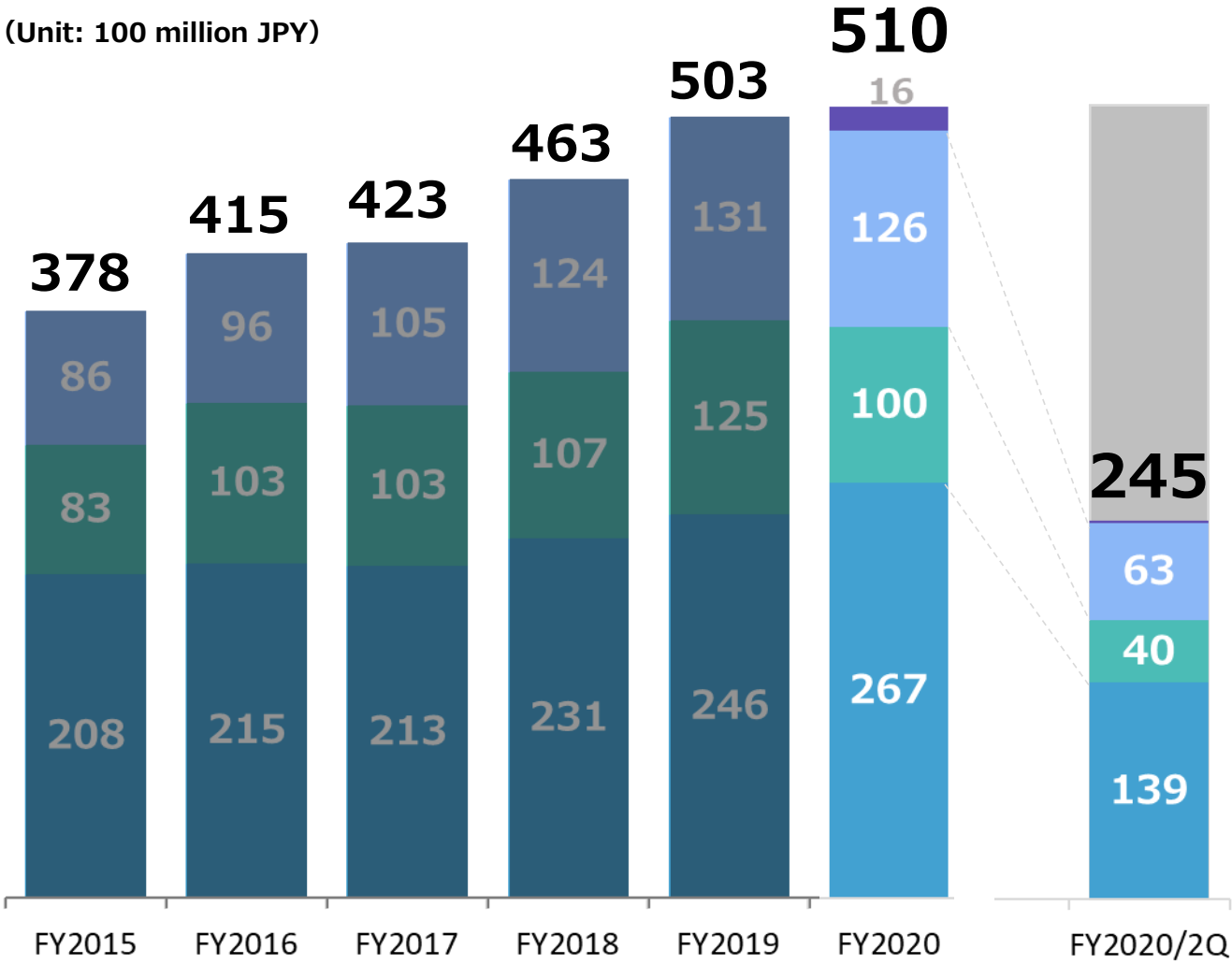
The Cross Border Business is producing strong results, but the Value Cycle and Retailing and Licensing Businesses are expected to decrease in sales and produce losses.

<b>GMV</b>	Initial Forecast	Revised Forecast
Cross Border	26.7Bil JPY	<b>27.5 ~ 28.0Bil JPY</b>
Retailing and Licensing	10.0Bil JPY	<b>5.5 ~ 7.0Bil JPY</b>
Value Cycle	12.6Bil JPY	<b>11.5 ~ 12.0Bil JPY</b>
Incubation	1.6Bil JPY	<b>0.5 ~ 0.7Bil JPY</b>
<b>Operating Income</b>	Initial Forecast	Revised Forecast
Cross Border	1.14Bil JPY	<b>1.35 ~ 1.45Bil JPY</b>
Retailing and Licensing	0.10Bil JPY	<b>△0.20 ~ △0.11Bil JPY</b>
Value Cycle	0.19Bil JPY	<b>△0.10 ~ △0.05Bil JPY</b>
Incubation	1.80Bil JPY	<b>2.00 ~ 2.50Bil JPY</b>

# Consolidated Progress at 48%

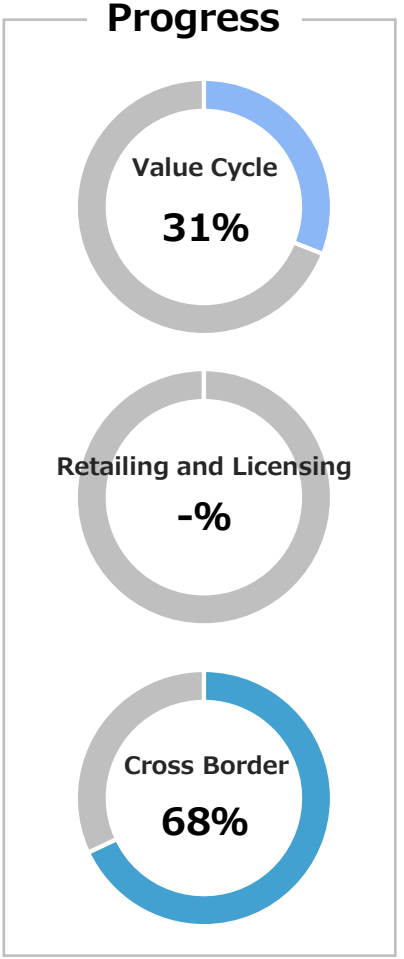
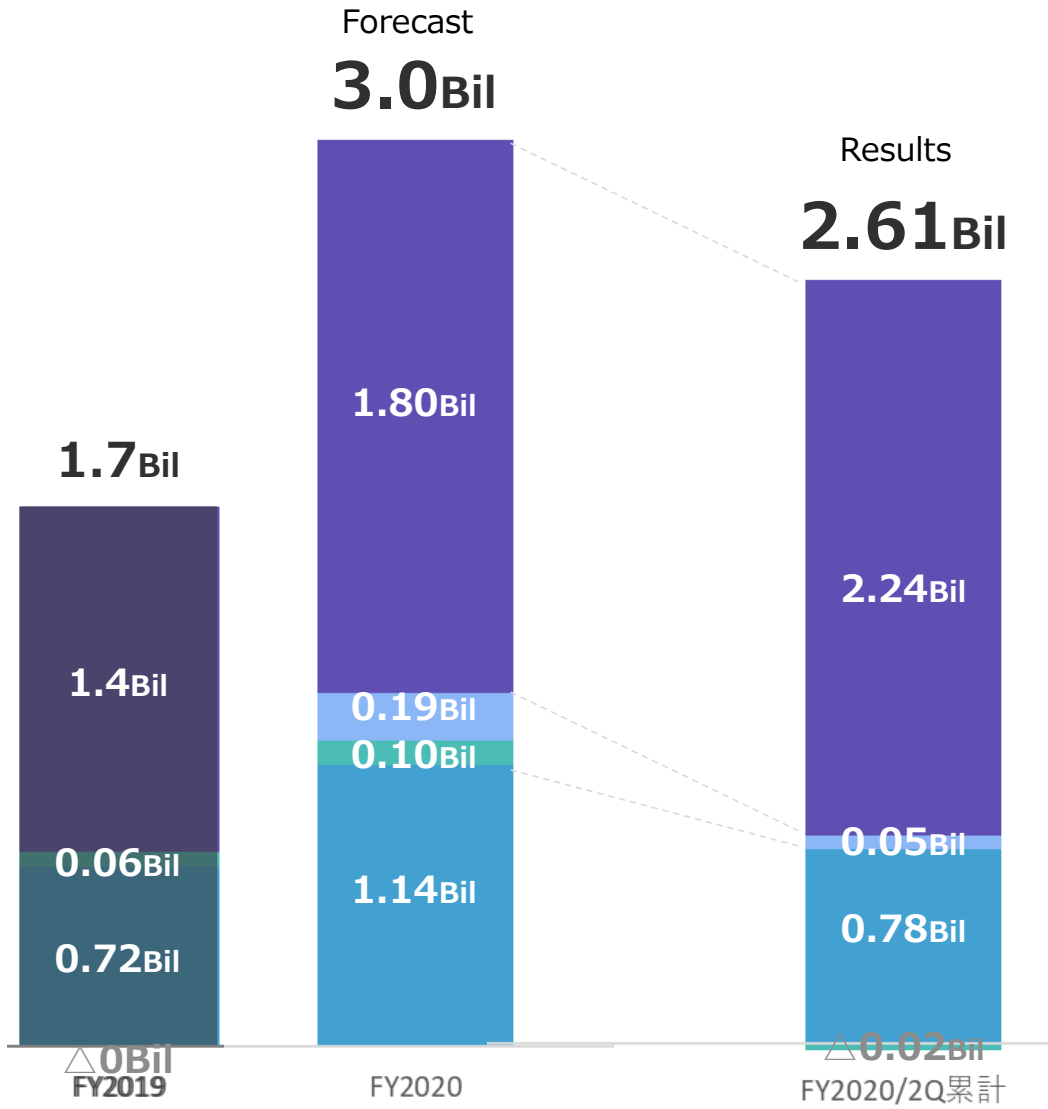
(Unit: 100 million JPY)

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



# Consolidated Progress at 87.2%

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





# Summary



## E-Commerce

### Quarterly record highs in GMV, Operating Income

- Cross Border** ▶ GMV, Operating Income record highs.  
Risks include the suspension of Int'l Shipping.
- Value Cycle** ▶ Was proceeding as planned until stay at home orders stunted sales.  
Will cut costs and fortify sales channels.
- Retailing and Licensing** ▶ Decrease in GMV due to cancellation of events.  
Will cut costs and shift to digital.

## Incubation

Made investments in advance for new businesses.  
No sales recorded on operational investment securities.

**New Businesses** ▶ Will cut costs.

**Investments** ▶ Make supporting current investments a priority

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## Capitalize on opportunities in Cross Border (From Japan)

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Risks include the suspension of international shipping services.

We will continue to increase shipment methods.

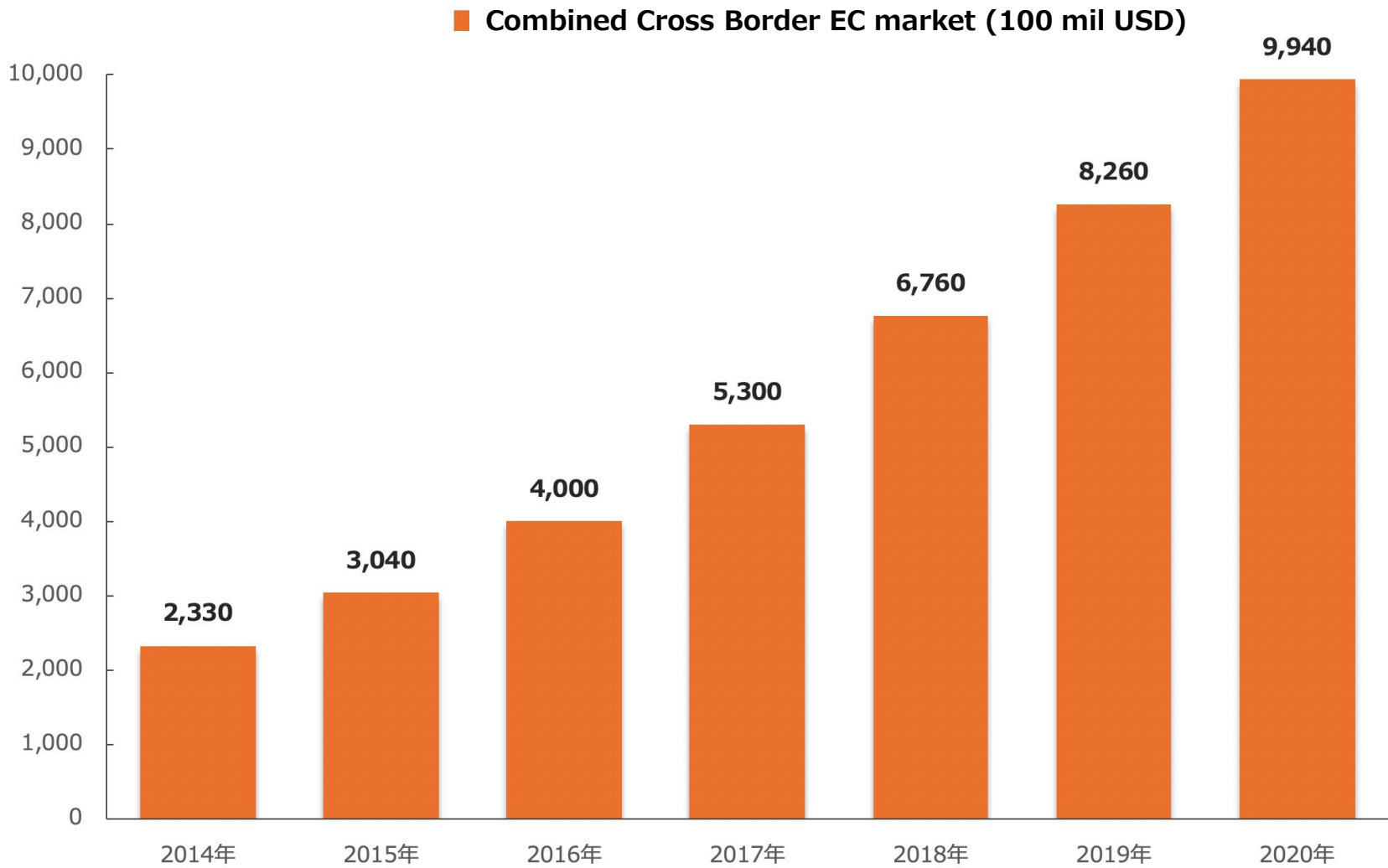
The rapid shift to digital commerce is increasing demand worldwide.



**Target areas that are not heavily infected (Taiwan).  
Support Japanese businesses to launch globally.**

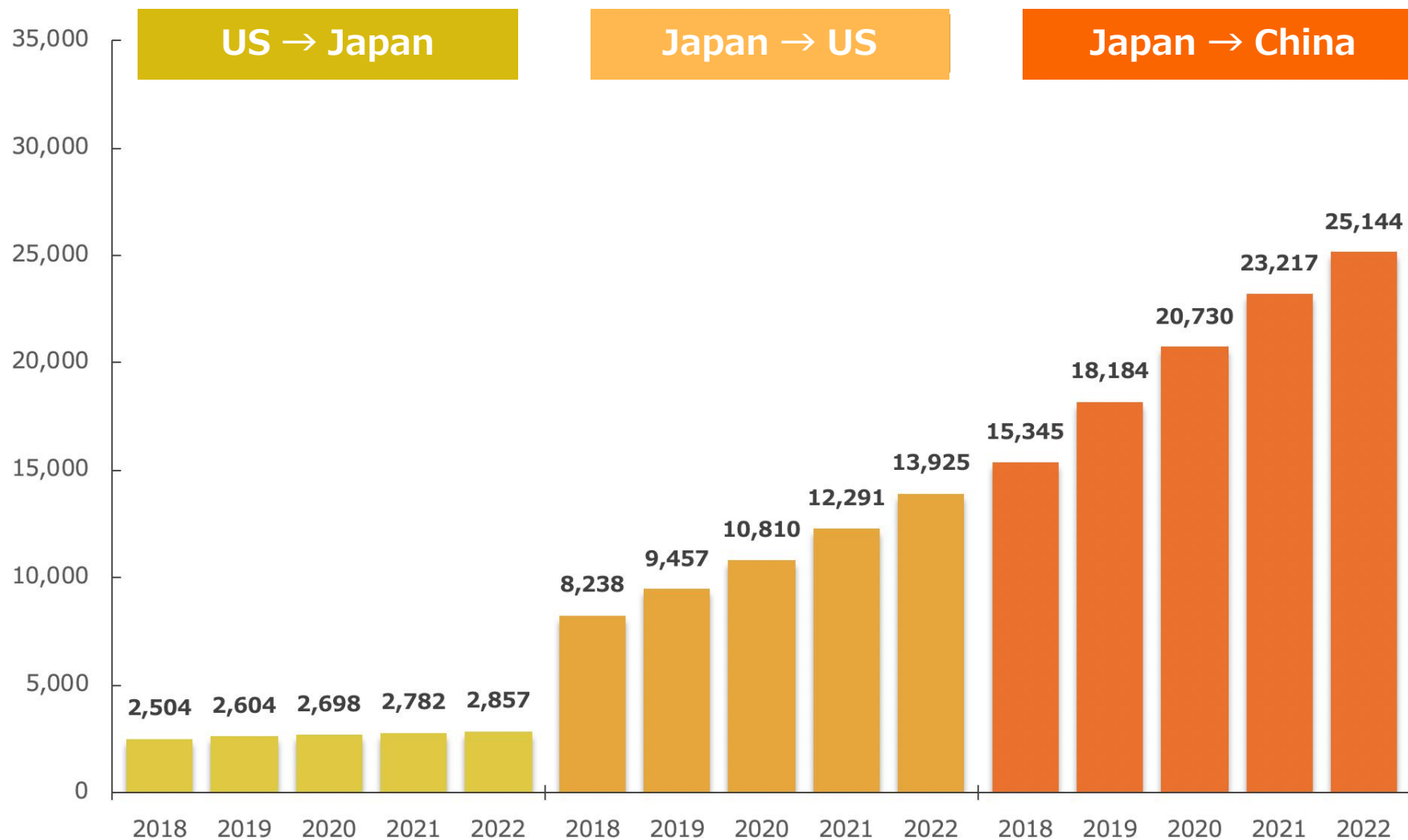
# Reference Materials





Reference : Alizila, Jan 2017

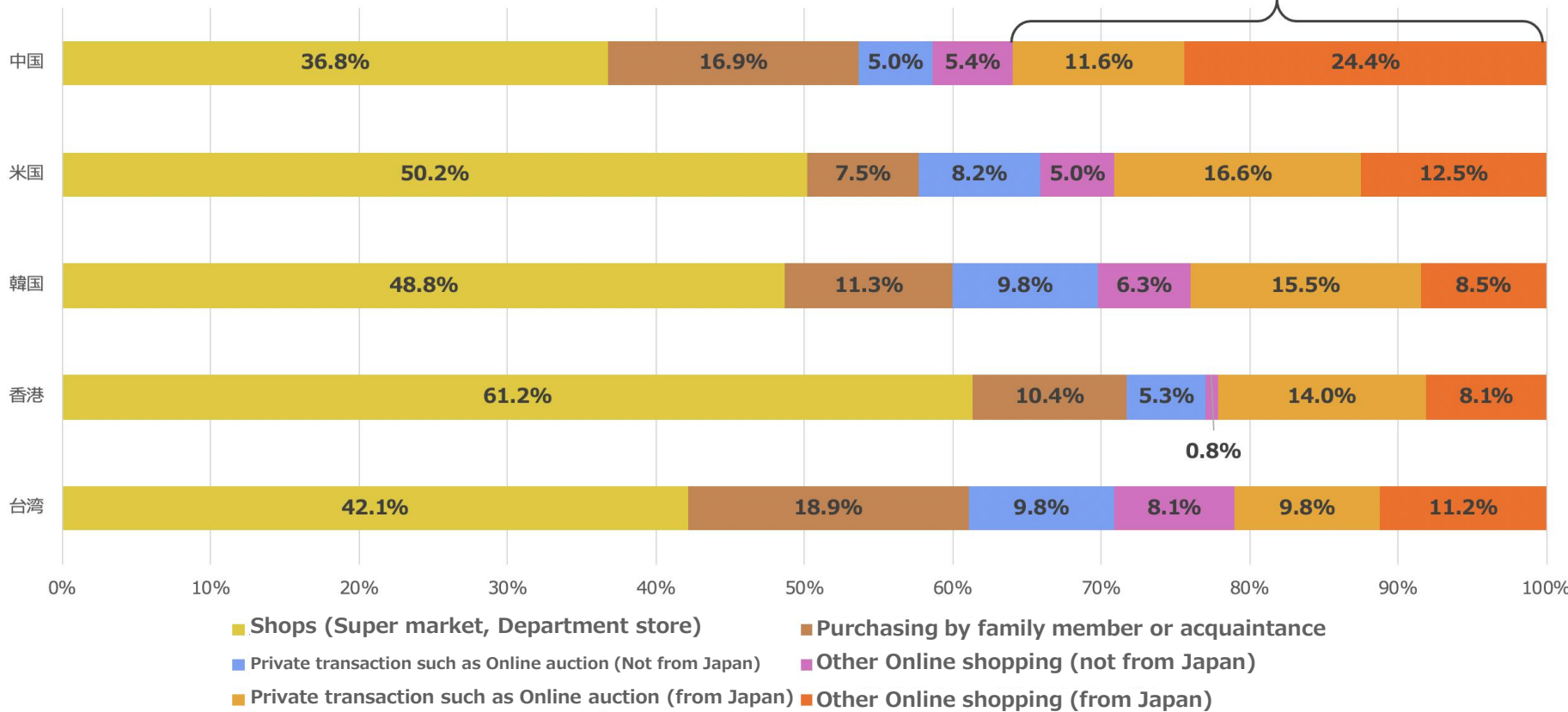
(Unit : 100 mil JPY)



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

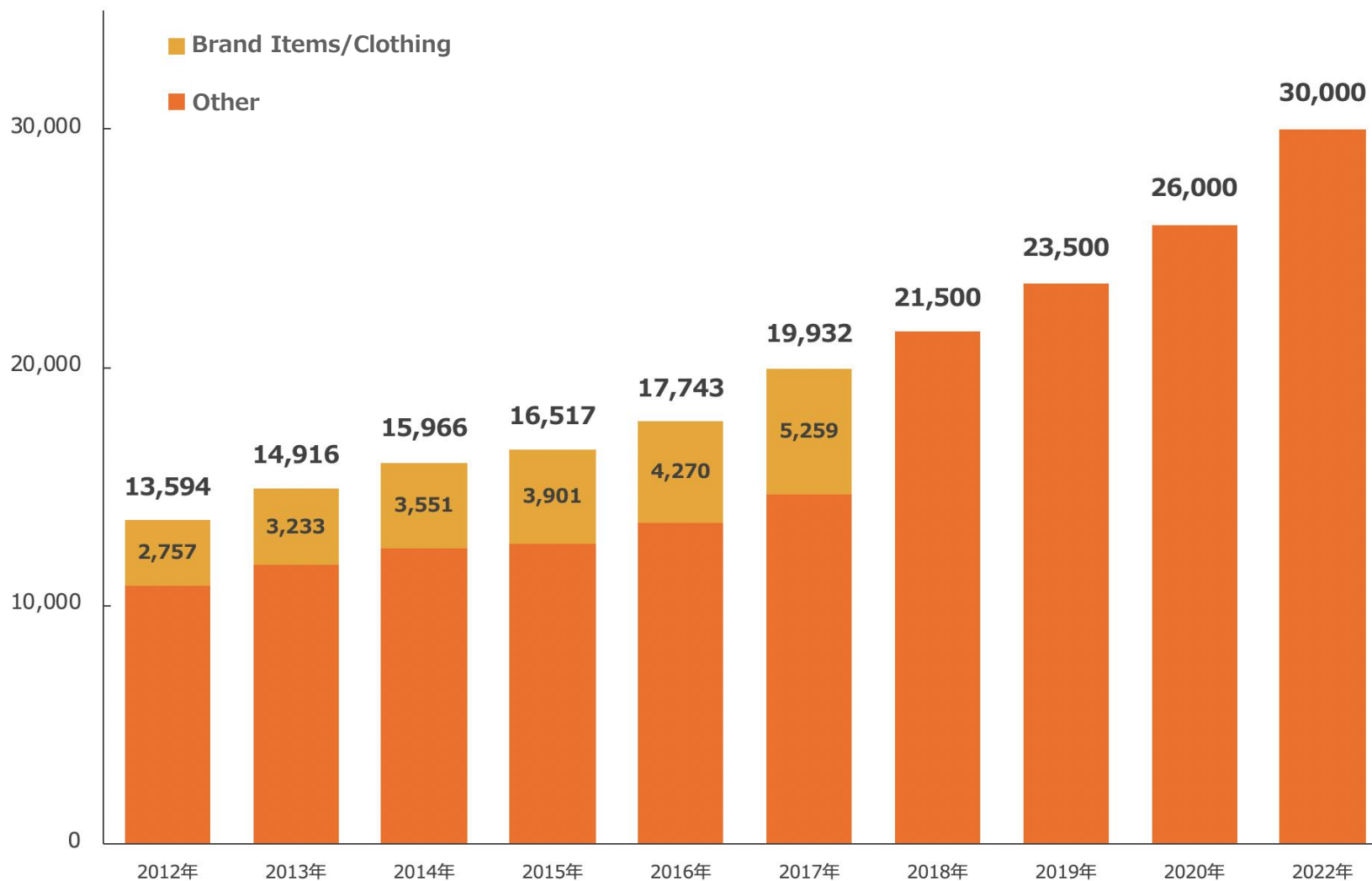
## How to Purchase Japanese Products

Purchase via cross border EC



Reference : Survey of Japan Tourism Agency (2017)

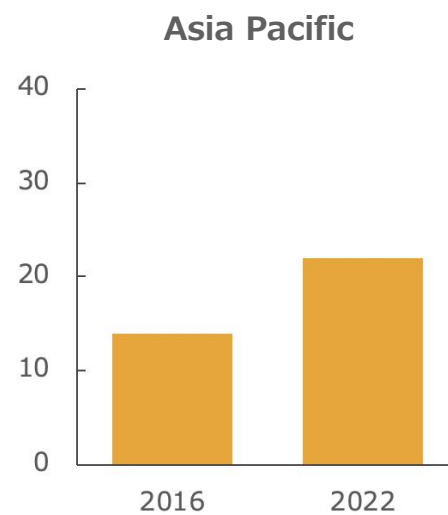
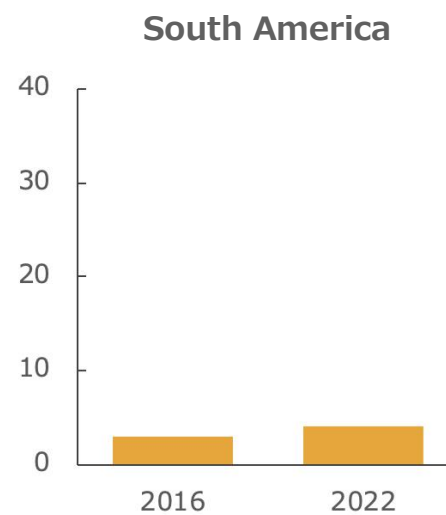
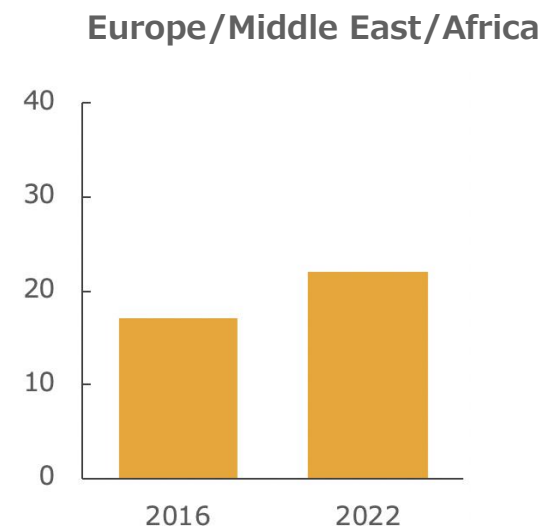
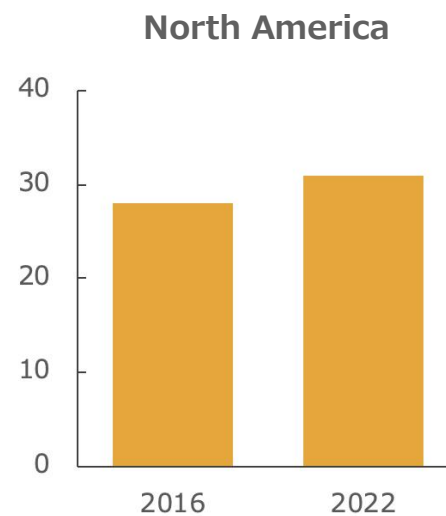
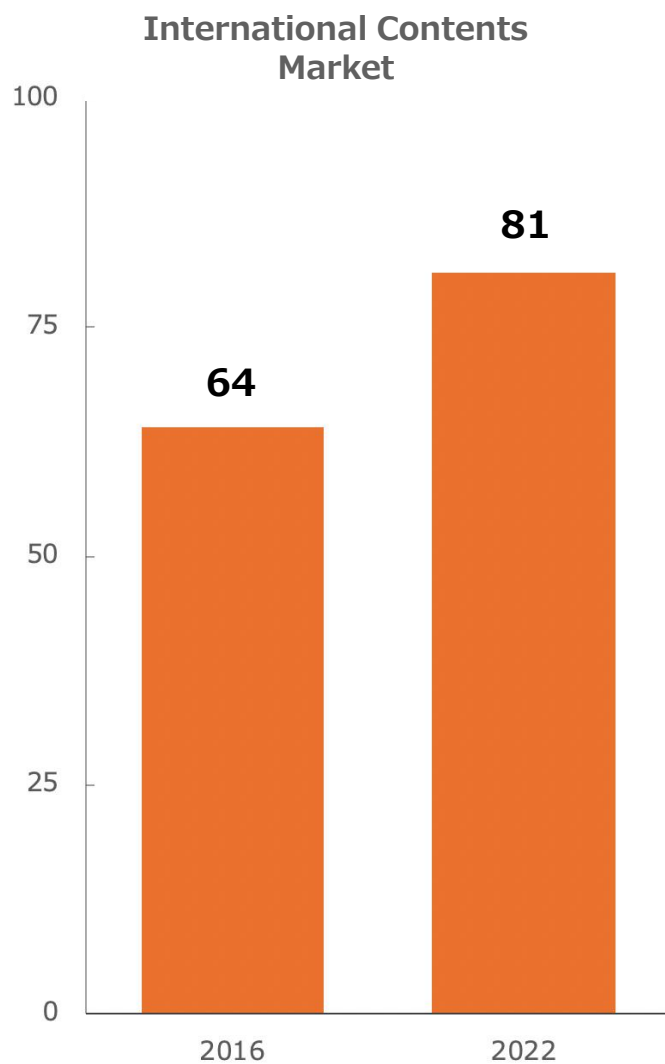
(Unit : 100 mil JPY)



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



(Unit : Trillion JPY)

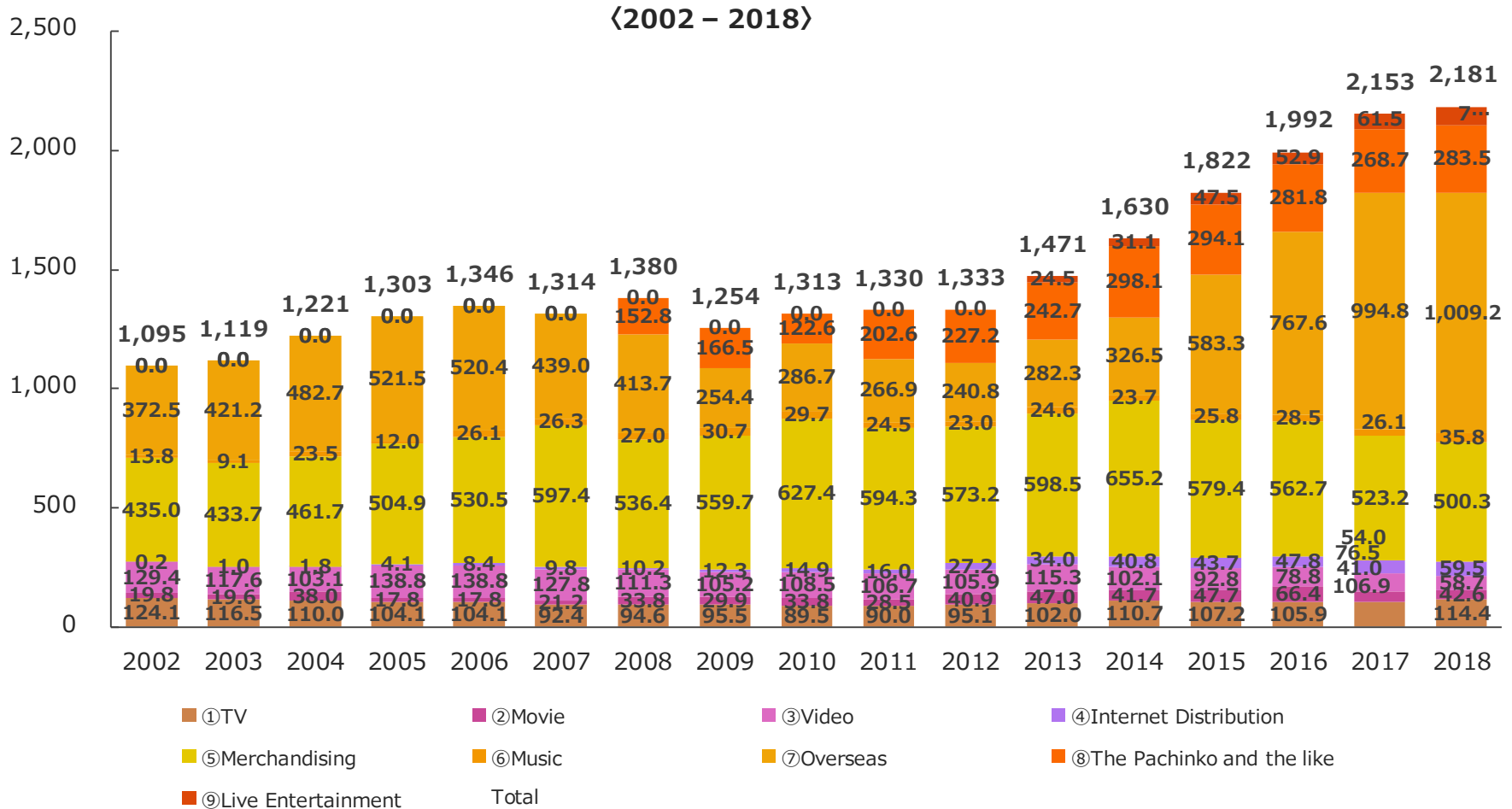


Reference: RolandBerger Research

Calculated at 1 USD = 108 JPY

## Japanese animation market trends in a broad sense (2002 – 2018)

(Unit : 1 Bil JPY)

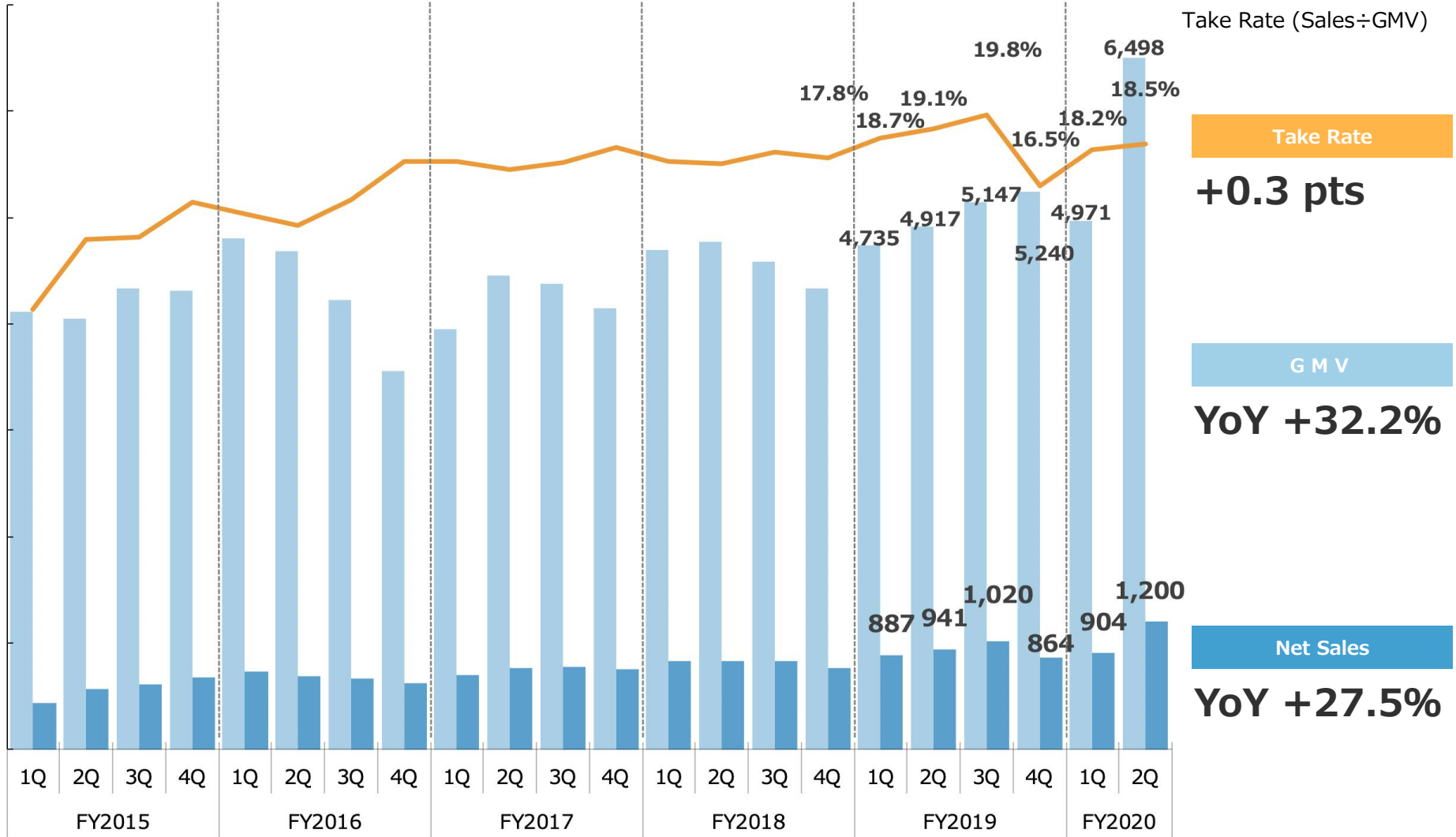


Reference: Based on questionnaires conducted by the Association of Japanese Animations and statistics released to the public

# Supplemental Materials



(Unit: million JPY)



Take Rate

**+0.3 pts**

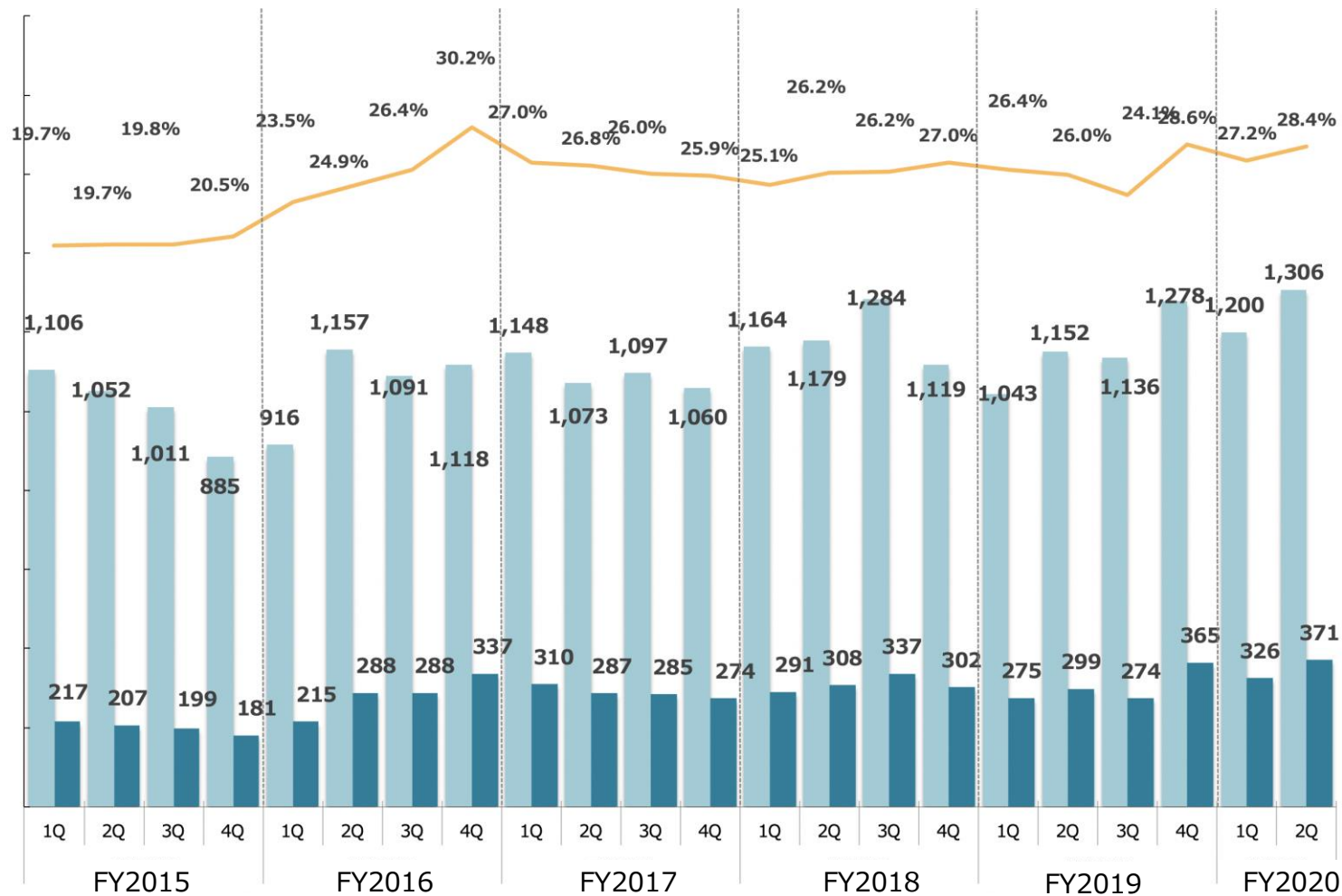
GMV

**YoY +32.2%**

Net Sales

**YoY +27.5%**

(Unit: million JPY)



Take Rate (Sales ÷ GMV)

Take Rate

**+1.2 pts**

GMV

**YoY +13.4%**

Net Sales

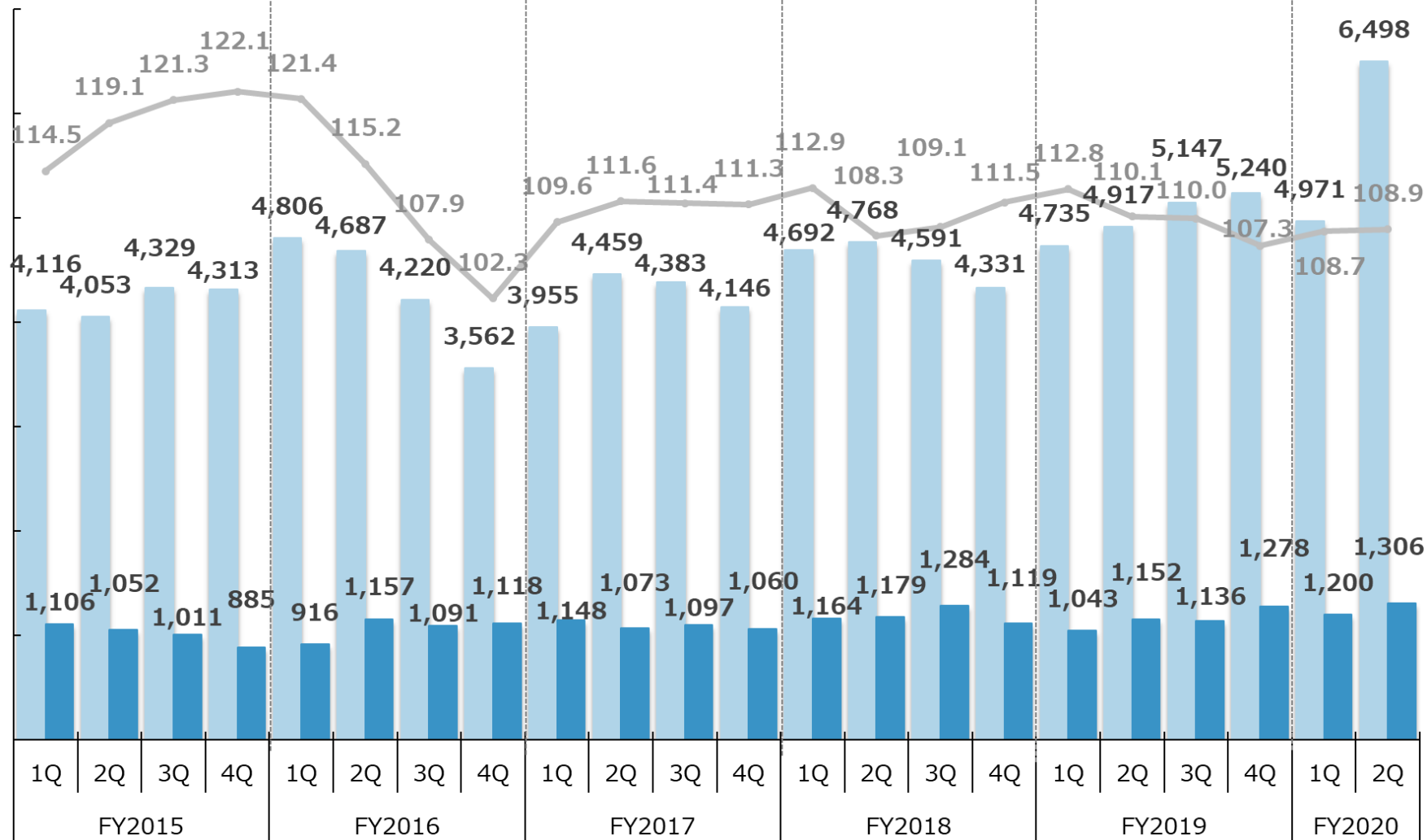
**YoY +24.2%**

# Cross Border Business GMV and FX Rate

From Japan

To Japan

FX Rate (USD/JPY)  
Quarterly Average Rate



As of March 2020

Investment Ratio	Emerging Countries		Other	
	India	Southeast Asia, etc.	USA	Japan
+10%		<p>Turkey</p> <p>The Philippines</p>		<p>metro engines</p>
5~10%	<p>droom</p>	<p>Vietnam</p> <p>Multiple African Countries</p>		
0.5~5%	<p>NOBROKER</p> <p>industrybuying</p> <p>voonik.com</p>	<p>Indonesia</p> <p>Thailand</p> <p>Bangladesh</p> <p>The Philippines</p>		<p>Payke</p> <p>Airporter</p> <p>RESIDENCE TOKYO</p>

# Continue to invest in emerging Asian countries other than China that are expected to grow in the future



<b>India</b> 		Online marketplace for secondhand cars	July 2014
		E-commerce solution	October 2014
		Price comparison service	April 2015
		Online C2C real estate marketplace	February 2016
		In-home physical examination marketplace	August 2016
<b>Indonesia</b> 		Online B2B industrial goods marketplace	December 2016
		C2C Online marketplace	April 2012
<b>Turkey</b> <b>Vietnam</b> <b>Philippines</b> <b>African</b> <b>Countries</b>		Online B2B industrial goods marketplace	June 2016
		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	



## E-Commerce Business

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.

## 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