

Consolidated Financial Results (Japanese Accounting Standards)

for the Fiscal Year Ended 30 September 2019

7 November 2019

Company Name BEENOS Inc. Stock Exchange Listing Tokyo
 Stock Code 3328 URL <http://www.beenos.com>
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 Scheduled date of the Annual General Meeting of Shareholders 20DEC2019 Scheduled date of commencement of dividend payment 6DEC2019
 Scheduled filing date of the Annual Securities Report : 20DEC2019
 Supplementary documents for annual results : Yes
 Quarterly results briefing : Yes (for Analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended 30 September 2019

(1OCT2018 – 30SEP2019)

(1) Consolidated Results of Operations

(Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019	25,276	11.0	1,707	11.4	1,713	Δ0.9	1,077	16.7
FY2018	22,768	9.9	1,533	1.7	1,728	11.3	922	Δ8.7

(Note) Comprehensive Income FY2019 815 Mil. yen (Δ0.9%) FY2018 823 Mil. yen (Δ42.3%)

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Return on assets	Operating income margin
	Yen	Yen	%		%
FY2019	89.58	—	12.9	9.9	6.8
FY2018	75.57	—	11.5	11.4	6.7

(Reference) Equity in earnings FY2019 35 Million yen FY2018 69 Million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2019	18,811	10,171	45.3	713.16
FY2018	15,691	9,791	52.4	673.52

(Reference) Shareholders' equity FY2019 8,512 Million yen FY2018 8,218 Million yen

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2019	Δ1,769	Δ338	1,433	5,478
FY2018	Δ44	Δ397	Δ123	6,175

2. Dividends

	Dividend per share					Amount of dividends (Total)	Dividend ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	Yen
FY2018	—	0.00	—	13.00	13.00	158	17.2	2.0
FY2019	—	0.00	—	18.00	18.00	214	20.1	2.6
FY2020(Forecast)	—	0.00	—	18.00	18.00		11.9	

(Note) Changes in recently announced dividends forecast: Yes

(Note) Capital surplus is included in the dividend resources for FY2018. For more information please refer to the "Breakdown of the Dividend for Capital Surplus as Dividend Resources" sheet.

3. Consolidated Forecasts for the Fiscal Year Ending 30 September 2020

(1 October 2019 – 30 September 2020)

(Percentage figures for the fiscal year represent the changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending	26,000	2.9	3,000	75.7	3,000	75.1	1,800	67.1	150.81

※ Notes

(1) Changes of important subsidiaries during period : None

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

(2) 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

(3) Number of shares outstanding (common shares)

① Number of shares outstanding at the end of period (including treasury shares)

② Number of treasury shares at end of period

③ Average number of shares outstanding during the term

FY2019	12,332,600 shares	FY2018	12,332,600 shares
FY2019	396,747 shares	FY2018	129,678 shares
FY2019	12,023,665 shares	FY2018	12,212,206 shares

※ This financial summary does not need to go through the auditing process.

※ 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 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

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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 shift our resources from our existing businesses to create new businesses and opportunities that will become a key segment to the Company. We are expounding into the following topics: “Vertical Architecture” (creating specialized shopping websites based on categories tailored to the customers’ needs), “the official implementation of Product Arbitrage” (offering the information of the lowest available price of a product throughout the world) and “supporting the global marketing of Japanese businesses and contents.” We have established a cross border E-commerce company specializing in the fashion industry as our first installment for the Vertical Architecture in March 2019. Furthermore, by the end of March 2020 we intend to monetize 20% of our appraised gains in our Incubation Business and update our portfolio. As of the end of this fiscal year we have recorded approximately 2 Billion JPY in sales from our operational investment securities.

As a result, the annual consolidated net sales were 25,276 Million JPY (+11.0% from FY2018), the operating income was 1,707 Million JPY (+11.4% from FY2018), the ordinary income was 1,713 Million JPY (-0.9% from FY2018) and the net profit attributable to owners of the parent company was 1,077 Million JPY (+16.7% from FY2018).

Our consolidated GMV for the fiscal year was 50.3 Billion JPY (+8.7% from FY2018).

The book value for our operational investment securities at the end of FY2019 was 4.1 Billion JPY. The market value¹ has risen to 25.2 Billion JPY (FY2018 book value was 2.8 Billion JPY and market value was 15.9 Billion JPY).

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, improving the usability of our services. Success in promotions to forego service charges along with the implementation of a system to streamline operations and investments that lead to cuts in cost led to a record high result in GMV, sales and operating income.

The Global Shopping Business (To Japan) has collaborated data with Yahoo! Auction, operated by Yahoo Japan Corporation, to expand its sales channels and began the handling of food products to broaden its capabilities. We have also replaced our existing fundamental system to increase usability and allowed us to provide new services. We have released the fixed customs module in addition to the fixed shipping module. The fact that we were able to promptly respond to the negative effects to our SEO in the first quarter because of the switch in the search engine’s algorithm has greatly helped the influence of sales.

As a result, the consolidated net sales were a record high 4,929 Million JPY (+9.4% from FY2018) and the operating income was also a record high 725 Million JPY (+6.1% from FY2018).

1-2 Value Cycle Business

The Apparel Reuse Business on the purchasing side made some countermeasures in the SEO to directly target

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 a company has recorded allowance for loss on investments, it is priced at book value). This amount has been calculated internally and has not gone through the auditing process.

their market and implemented measures to increase repeat users. These measures along with the focus on purchasing items at a unit price between 1,000 and 10,000 JPY led to a 13.0% increase in total value of items purchased. On the vending side, the influence of a warmer winter and the failed outcome of new television commercials led to a 0.9% dip in sales. Shifting to higher ticketed items led to a decrease in gross profit margin and the increase in promotional costs to use our in-house sales channel led to a 92.0% decrease in operating income. On the other hand, new services such as “Brandear Rental,” a rental service for brand named accessories, the “Try on First Service” and the acquisition of “waja” in September 2019 to sell new products from foreign buyers onto its own website.

The Liquor Mediation Business opened two new locations (Sapporo and Kokura) to purchase liquor and has completed the renovation of all its stores and its official website in concordance with the change in its corporate name and identity. The measures to increase store traffic, increased user interface and the measure in May to be the highest bidder to purchase alcohol in the industry led to an increase in purchase orders from 3Q onward.

As a result, the consolidated net sales were 13,164 Million JPY (+6.0% from FY2018) and the operating loss was 6 Million JPY (operating income for FY2018 was 440 Million JPY).

JOYLAB, inc. (formerly Teikokushuhan Co. Ltd.) started appearing on our consolidated records beginning April 2018.

1-3 Retailing and Licensing Business

The Entertainment Business started handling merchandise for new artists held a large event with existing artists that led to a steady increase in sales and operating income for the quarter. We have also tied up with a major anime production company to operate their official EC site and are exploring new contents. The Global Product Business maintained its strong sales of the Pokemon Cosme Series. Fragrance and Body Care brand, SWATi, released new products, opened roadside shops and has re-branded itself to increase recognition.

As a result, the consolidated net sales were 4,937 Million JPY (+6.5% from FY2018) and the operating income was 61 Million JPY (-49.5% from FY2018).

For the E-Commerce Business in FY2019, the consolidated net sales were 23,031 Million JPY (+6.8% from FY2018) and the operating income was 780 Million JPY (-37.4% from FY2018).

② Incubation Business

The Investment and Consultation Business has focused on investing in startups in online marketplaces and online payments in emerging countries and Japanese inbound tourism in Japan. We have been actively making additional investments in companies that have seen astronomical growth including Zilingo which operates Southeast Asia’s online fashion and beauty product marketplace as well as Vietnam’s online CtoC marketplace, Sendo.

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 that will be a focal pillar of our business in “Vertical Architecture,” “Product Arbitrage” and “Global Marketing of Japanese Businesses and Contents.” We have partnered with Fashion-Co-Lab. Co., Ltd. (FCL) in March 2019 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. The FASBEE mall services commenced in July 2019 and currently ships to 120 countries and regions.

As a result, the consolidated net sales were 2,259 Million JPY (+87.3% from FY2018) and the operating income was 1,402 Million JPY (+77.9% from FY2018).

(2) Financial Status Report

① Status of Assets, Liabilities and Net Assets

(Current Assets)

The balance for current assets for FY2019 is 16,407 Million JPY (+3,094 Million JPY from FY2018). Increasing factors include 1,715 Million JPY in Notes and Accounts Receivable-Trade and 1,279 Million JPY in Operational Investment Securities. Decreasing factors include 744 Million JPY in Cash and Deposits and 153 Million JPY in Accounts Receivable.

(Fixed Assets)

The balance for fixed assets for FY2019 is 2,403 Million JPY (+25 Million JPY from FY2018). Increasing factors include 86 Million JPY in Deferred Tax Assets and 42 Million JPY in Investment Securities. Decreasing factors include 51 Million JPY in Buildings and Structures (Net Base) and 47 Million JPY in Goodwill.

(Current Liabilities)

The balance for current liabilities for FY2019 is 8,159 Million JPY (+2,466 Million JPY from FY2018). Increasing factors include 1,915 Million JPY in Short-term Loans Payable and 617 Million JPY in Accounts Payable-Other. Decreasing factors include 280 Million JPY in Income Taxes Payable and 8 Million JPY in Current Portion of Long-term Loans Payable.

(Fixed Liabilities)

The balance for fixed liabilities for FY2019 is 480 Million JPY (+272 Million JPY from FY2018). Increasing factors include 287 Million JPY in Deferred Tax Liabilities. Decreasing factors include 19 Million JPY in Long-term Loans Payable.

(Net Assets)

The balance for net assets for FY2019 is 10,171 Million JPY (+380 Million JPY from FY2018). Increasing factors include 1,077 Million JPY in Retained Earnings and 61 Million JPY in Non-controlling Interests. Decreasing factors include 380 Million JPY in Treasury Stock and 162 Million JPY Foreign Currency Translation Adjustment.

② Cash Flow Report

The amount of cash and cash equivalents (Funds) at the end of FY2019 is 5,478 Million JPY, a 697 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 FY2019 decreased by 1,769 Million JPY (Decreased 44 Million JPY in FY2018). Increasing factors include 1,713 Million JPY in Income before income taxes and 618 Million JPY in Increase in accounts payable-other. Decreasing factors include 1,678 Million JPY in Increase in Notes and Accounts Receivable-Trade, 1,435 Million JPY in Increase in Operational Investment Securities, 848 Million JPY in Increase in Inventories and 707 Million JPY in Income Taxes Paid.

(Net cash provided by investment activities)

Net cash provided by investment activities for FY2019 decreased by 338 Million JPY (Decreased 397 Million JPY in FY2018). Decreasing factors include 161 Million JPY in Purchase of Investment Securities and 113 Million JPY in Purchase of Property, Plant and Equipment.

(Net cash provided by financing activities)

Net cash provided by financing activities for FY2019 increased by 1,433 Million JPY (Decreased 123 Million JPY in FY2018). Increasing factors include 1,922 Million JPY in Increase in Short-Term Loans Payable. Decreasing factors include 380 Million JPY in Purchase of Treasury Stock and 158 Million JPY in Cash Dividends Paid.

(3) Cash Flow Report

The following chart indicates the cash flow trends of the Group.

	FY2015	FY2016	FY2017	FY2018	FY2019
Capital Ratio (%)	54.5	51.1	53.2	52.4	45.3
Market Value based Capital Ratio (%)	279.0	155.1	102.4	148.7	79.1
Years of Debt Redemption	0.9	0.7	2.9	—	—
Interest Coverage Ratio	114.1	198.3	35.1	—	—

Capital Ratio : Capital/Total Assets

Market Value based Capital Ratio : Market Cap/Total Assets

Years of Debt Redemption : Debt with Interest/Cash Flow

Interest Coverage Ratio : Operating Cash Flow/Interest Payment

(Note) 1. All figures are calculated on a consolidated basis

2. Market Cap excludes treasury stocks

3. All debts with interest include the interest of all debts listed on the consolidated balance sheet

4. The years of debt redemption and interest coverage rate for FY2018 and FY2019 are not calculated because operating cash flow was negative

(4) Outlook for FY2020

We have foregone the disclosure of our outlook in recent years due to the determination that it is not logical to forecast the timing and amount of sales of operational investment securities in the Incubation Business and that our plans needed to be flexible regarding the timing and amount to invest in new businesses. As we have disclosed our strategy to monetize 20% of the appraisal gains in our Incubation Business by 2Q FY2020, we have decided to disclose our forecast for FY2020. The disclosure of forecasts for future years will be decided depending on the circumstances at that time.

Our forecasted GMV for FY2020 will increase from FY2019 by 1.3% to 51 Billion JPY (FY2019 was 50 Billion JPY). We foresee a growth in GMV in the From Japan (Exporting) business in the Cross Border E-Commerce segment, but are conservative with our forecast for the Value Cycle and Retailing and Licensing Businesses due to external factors and their recent results. In addition to our GMV, we are planning to record 26 Billion JPY in sales of our operational investment securities (+2.9% from FY2019).

Though we will record earnings from our operational investment securities in our Incubation Business, we plan to actively invest in new businesses that will become a focal pillar of our business, therefore from a consolidated standpoint, consolidated operating income, consolidated ordinary income and net income are forecasted at, respectively, 3,000 Million JPY (+75.7% from FY2019), 3,000 Million JPY (+75.1% from FY2019) and 1,800 Million JPY (+67.1% from FY2019). The numbers listed in this section are based off of the information that we currently have and may drastically alter due to unforeseen incidents.

(5) Basic Policy of Distribution of Profits and Dividends for FY2019 and FY2020

Returning profit to our shareholders through dividends is the most important management goal for the Company and we aim to achieve the goal by expanding and improving the foundation of the business. As a result we have been able to distribute dividends consistently for an extended period of time regardless of the effect of our financial results. We have also conducted share buybacks and will continue to monitor the value of our stock prices and make the appropriate decisions at the appropriate timing for future buybacks.

As a result of the aforementioned policy, we have bought back 265,000 shares (2.2% of outstanding shares) for 380 Million JPY this fiscal year.

As for this fiscal year's dividends, given our financial results, financial soundness and the internal reserve for the furtherment of our business, we plan to raise the dividends by 5 yen/share to 18 yen/share in our upcoming Board Meeting on 20 November. As a result, the dividend ratio (consolidated) will be 20.1% and the total return including share buybacks will be 55.3%.

We also plan to maintain the dividends at 18 yen/share for FY2020.

2. Status of the Corporate Group

The BEENOS Group consists of 14 subsidiaries and 3 affiliates divided into two segments: the E-Commerce Business and the Incubation Business as of 30 September 2019. The E-Commerce Business is further divided into 3 divisions: Cross Border, Value Cycle and Retailing and Licensing.

Segment		Main Business(es)
E-Commerce Business	Cross Border	Overseas Forwarding “tenso.com” and Proxy Purchasing Business “Buyee” Global shopping Business “Sekaimon”
	Value Cycle	Apparel Reuse Business “Brandear” Liquor Mediation Business “JOYLAB”
	Retailing and Licensing	Entertainment Business Global Product Business
Incubation Business		Investment and Consultation Business Pre-Monetized Start-up Business

(1) The E-Commerce Business

Cross Border Business

tenso, inc. offers a system that allows consumers from across the globe to purchase items on Japanese EC sites and have it shipped to them even if the EC site does not handle global shipments. Buyee also works as a payment service in addition to the service tenso has to offer.

Shop Airlines, Ltd. runs a global shopping service, “sekaimon” that links with the world’s largest online marketplace “eBay” to allow residents in Japan to purchase products from across the globe.

Value Cycle Business

Defactostandard, Ltd. operates an online CtoBtoC buyback service for brand named fashion, watches and accessories called “Brandear”. The items Brandear purchases are then sent through maintenance and are then sold on online stores and auctions.

JOYLAB, inc. operates the alcoholic beverage purchasing store, “JOYLAB,” to purchase alcoholic beverages from users and then sells them on its EC site and other domestic EC malls.

Retailing and Licensing Business

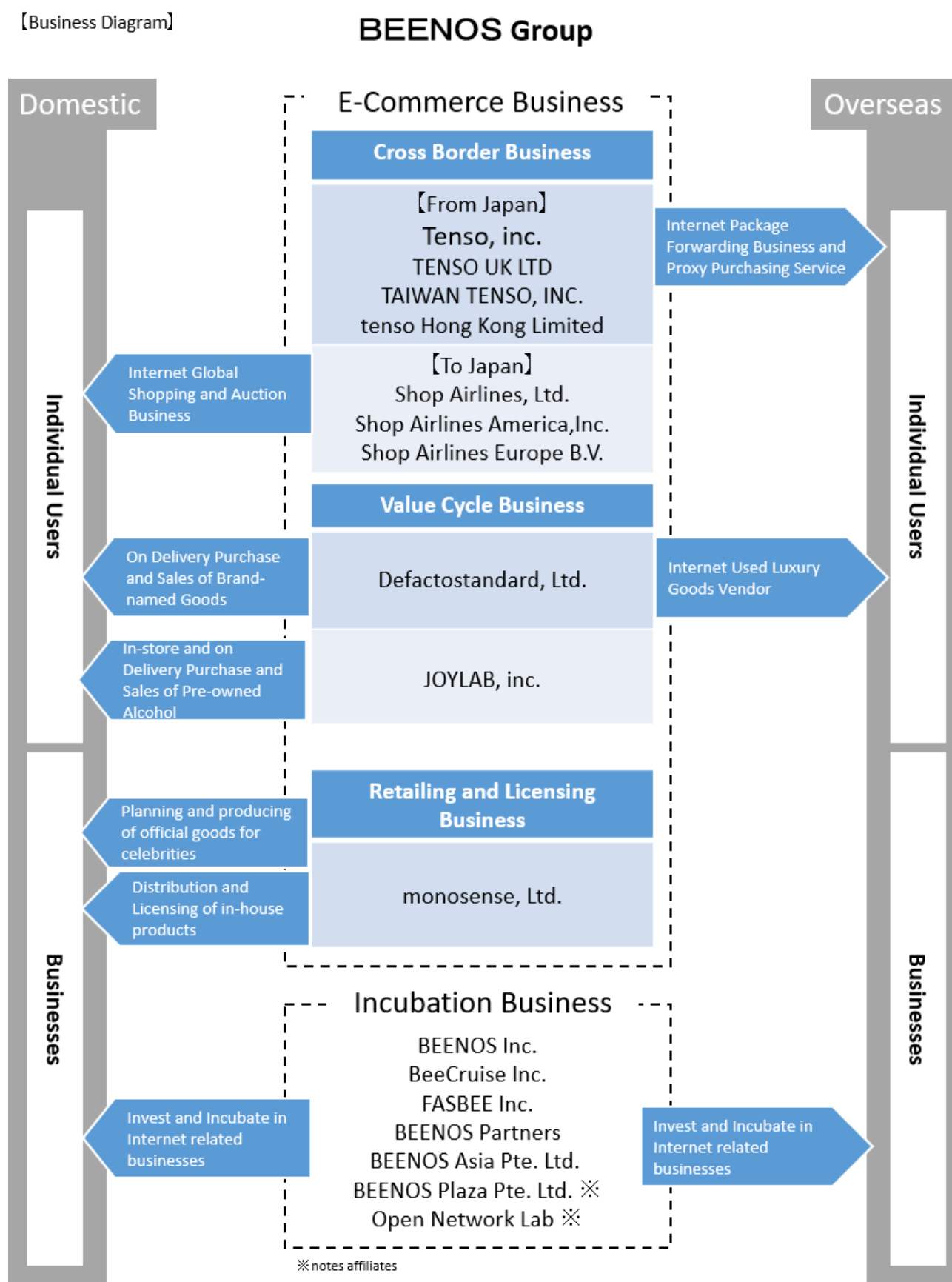
monosense, Ltd. covers our Entertainment Business and Global Product Business as it connects Japanese celebrities with product developers to create new hit products. It also operates the product sales and official websites of popular Japanese celebrities.

(2) Incubation Business

The Incubation Business mainly invests in internet related businesses in emerging countries and North America. Furthermore, it creates and incubates new businesses that will eventually become a focal pillar of the company.

Below is a diagram outlining the BEENOS Group.

【Business Diagram】



3. Management Policies

(1) Company Basic Management Policy

The BEENOS Group aims to be on the “Global Platform Frontier” by creating in IT and internet-based markets and businesses.

We aim to distribute great Japanese products and contents across the globe through our various marketplace networks and in turn bring wonderful products and services around the world to Japan to build a stronger global commerce platform and increase corporate value.

(2) Target Business Indicators

Gross Merchandise Volume (GMV)

We believe that in order to be recognized as a player in the International IT company market and to be a corporate group that makes a valuable contribution, we need to become a business that has a GMV of several hundred Billion JPY. Our first step is to reach 100 Billion JPY.

(3) Mid-to-Long-Term Company Management Policy and Potential Risks

The following are our strategies to strengthen our business and become the global platform frontier. These strategies are current as of the release of this document.

① Supporting the globalization of domestic contents

We will use our international sales platform and network to advance the globalization of domestic contents of leading anime and celebrity artists as we continue to fortify our product development ability and network structure. We will expand our product lineup and support our content partners to continue to drive sales.

② Connect with the world's trading market

We aim to amplify domestic partnerships and fortify networks as well as create a system using big data that will pick up signs of upcoming trends to find new business opportunities.

③ Invest, cultivate and create new businesses

We aim to continue to expand our global commerce network while we gain profits from the investments we have made in the foreign marketplace and payment industries abroad in developing Asian countries, as well as businesses in the inbound travel industry domestically. Furthermore, we will use the expertise we have cultivated in investing to use our resources to create and create new businesses that will become a focal point in driving sales.

4. Basic Policy for the Selection of Accounting Standards

We have chosen to use Japanese Accounting Standards as it is easier to compare fiscal periods and finances between companies/subsidiaries.

We will appropriately review the application of the International Financial Reporting Standards (IFRS) upon taking into consideration domestic and international situations.

5 . Financial Statements and Major Notes
(1) Consolidated Balance Sheet

(Unit: 1,000 JPY)

	FY2018 (30 September 2018)	FY2019 (30 September 2019)
Assets Section		
Current Assets		
Cash and Deposit	5,920,068	5,175,775
Notes and Accounts Receivable-Trade	812,851	2,527,865
Operational Investment Securities	2,896,984	4,176,825
Products	1,840,210	2,689,382
Accounts Receivable	1,016,021	862,433
Other	843,394	975,034
Allowance for Cancellation Loss	△16,779	—
Total Current Assets	13,312,752	16,407,315
Fixed Assets		
Tangible Assets		
Buildings and Structures	603,914	603,067
Accumulated Depreciation	△205,702	△256,794
Buildings and Structures (Net Base)	398,211	346,272
Vehicles	9,512	9,614
Accumulated Depreciation	△7,329	△7,753
Vehicles (Net Base)	2,182	1,861
Tools, Materials and Supplies	156,576	192,338
Accumulated Depreciation	△97,647	△122,589
Tools, Materials and Supplies (Net Base)	58,929	69,748
Total Tangible Assets	459,323	417,882
Intangible Assets		
Goodwill	351,469	303,842
Software	152,841	147,882
Other	3,471	2,871
Total Intangible Assets	507,781	454,596
Investments etc.		
Investment Account Security	844,765	887,065
Deferred Tax Assets	129,508	215,992
Other	437,030	428,433
Total Investments etc.	1,411,304	1,531,491
Total Fixed Assets	2,378,409	2,403,970
Total Assets	15,691,162	18,811,286

(単位：千円)

	FY2018 (30 September 2018)	FY2019 (30 September 2019)
Liabilities Section		
Current Liabilities		
Notes and Accounts Payable-Trade	379,240	384,508
Short-term Loan	1,634,200	3,550,000
Current Portion of Long-term Debt	8,880	—
Accounts Payable – Other	2,339,416	2,956,824
Deposits Received	583,976	714,796
Income Taxes Payable	369,568	89,157
Other	377,044	463,805
Total Current Liabilities	5,692,326	8,159,091
Fixed Liabilities		
Long-term Loan	19,380	—
Deferred Tax Liabilities	—	287,680
Asset Retirement Obligation	188,407	193,043
Total Fixed Liabilities	207,787	480,724
Total Liabilities	5,900,114	8,639,815
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	3,966,442
Common Stock for Treasury	△187,303	△567,835
Total Capital Stock	8,179,153	8,717,025
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	△231,866	△314,461
Exchange Conversion Adjustment Account	271,630	109,571
Total Accumulated Other Comprehensive Income	39,763	△204,890
Equity Warrant	21,406	46,677
Minority Stockholder Equity Interest	1,550,724	1,612,657
Net Assets Section	9,791,048	10,171,470
Total Liabilities	15,691,162	18,811,286

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

Consolidated Profit & Loss Statement

(Unit: 1,000 JPY)

	FY 2018 (1 October 2017~ 30 September 2018)	FY 2019 (1 October 2018~ 30 September 2019)
Net Sales	22,768,203	25,276,757
Cost of Sales	10,876,993	12,611,387
Gross Profit	11,891,209	12,665,370
Selling, General and Administrative Expenses	10,357,700	10,957,736
Operating Income	1,533,508	1,707,633
Non-operating Income		
Interest Income	329	103
Dividends Income	13,416	—
Equity in Earnings of Affiliates	69,077	35,257
Investment Partnership Gains	139,044	1,772
Subsidy Income	26,445	14,939
Settlement Received	—	14,051
Other	15,583	41,559
Total Non-operating Income	263,897	107,684
Non-operating Expenses		
Interest Expenses	15,228	11,376
Exchange Loss	21,899	83,855
Commission Fee	24,378	2,663
Other	7,146	3,595
Total Non-operating Expenses	68,653	101,490
Ordinary Income	1,728,753	1,713,827
Extraordinary Income		
Gain on Sales of Subsidiaries and Affiliates	24,187	—
Total Extraordinary Income	24,187	—
Extraordinary Losses		
Impairment Loss	41,558	—
Total Extraordinary Losses	41,558	—
Annual Income Before Income Taxes	1,711,381	1,713,827
Income Taxes – Current	570,712	427,380
Income Taxes – Deferred	92,857	225,922
Total Income Taxes	663,570	653,302
Annual Net Income	1,047,811	1,060,525
Profit Attributable to Non-Controlling Interests (Losses:△)	124,884	△16,517
Profit Attributable to Owners of Parent	922,927	1,077,042

Consolidated Statement of Comprehensive Income

(単位：千円)

	FY 2018 (1 October 2017~ 30 September 2018)	FY 2019 (1 October 2018~ 30 September 2019)
Net Income	1,047,811	1,060,525
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	△266,220	△82,685
Foreign Currency Translation Adjustment	39,482	△154,265
Re-measurements of Defined Benefit Plans, Net of Tax	2,018	△7,702
Share of Other Comprehensive Income of Entities Accounted for Using Equity Method	△224,719	△244,653
Quarterly Comprehensive Income	823,092	815,871
(Breakdown)		
Comprehensible Income Attributable to Owners of the Parent	698,207	832,388
Comprehensible Income Attributable to Non- controlling Interests	124,884	△16,517

(3) Statement of Changes in Net Assets

For FY2018 (1 October 2017 to 30 September 2018)

(Unit : 1,000 JPY)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity Total
Balance at the Beginning	2,775,840	2,892,687	1,966,473	△53,767	7,581,233
Changes during Period					
Dividends from Surplus		△159,833			△159,833
Profit Attributable to Owners of Parent			922,927		922,927
Purchase of Treasury Stock				△145,370	△145,370
Disposal of Treasury Stock		△5,918		11,835	5,916
Capital Increase of Consolidated Subsidiaries		△25,719			△25,719
Net Changes of Items other than Shareholders' Equity					-
Total Changes	-	△191,471	922,927	△133,535	597,919
Balance at the End	2,775,840	2,701,215	2,889,400	△187,303	8,179,153

	Total Accumulated Other Comprehensive Income			Subscription Rights to Shares	Non-Controlling Interest Valuation Difference on Available-for-sale Securities	Total Net Assets Foreign Currency Translation Adjustment
	Valuation Difference on Available-for-sale Securities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income			
Balance at the Beginning	34,689	229,793	264,482	5,256	1,389,130	9,240,103
Changes during Period						
Dividends from Surplus						△159,833
Profit Attributable to Owners of Parent						922,927
Purchase of Treasury Stock						△145,370
Disposal of Treasury Stock						5,916
Capital Increase of Consolidated Subsidiaries						△25,719
Net Changes of Items other than Shareholders' Equity	△266,555	41,836	△224,719	16,149	161,594	△46,975
Total Changes	△266,555	41,836	△224,719	16,149	161,594	550,944
Balance at the End	△231,866	271,630	39,763	21,406	1,550,724	9,791,048

For FY2019 (1 October 2018 to 30 September 2019)

(Unit : 1,000 JPY)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity Total
Balance at the Beginning	2,775,840	2,701,215	2,889,400	△187,303	8,179,153
Changes during Period					
Dividends from Surplus		△158,637			△158,637
Profit Attributable to Owners of Parent			1,077,042		1,077,042
Purchase of Treasury Stock				△380,532	△380,532
Disposal of Treasury Stock					—
Capital Increase of Consolidated Subsidiaries	—	△158,637	1,077,042	△380,532	537,872
Net Changes of Items other than Shareholders' Equity	2,775,840	2,542,577	3,966,442	△567,835	8,717,025

	Total Accumulated Other Comprehensive Income			Subscription Rights to Shares	Non-Controlling Interest Valuation Difference on Available-for-sale Securities	Total Net Assets Foreign Currency Translation Adjustment
	Valuation Difference on Available-for-sale Securities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income			
Balance at the Beginning	△231,866	271,630	39,763	21,406	1,550,724	9,791,048
Changes during Period						
Dividends from Surplus						△158,637
Profit Attributable to Owners of Parent						1,077,042
Purchase of Treasury Stock						△380,532
Disposal of Treasury Stock	△82,594	△162,058	△244,653	25,270	61,932	△157,449
Capital Increase of Consolidated Subsidiaries	△82,594	△162,058	△244,653	25,270	61,932	380,422
Net Changes of Items other than Shareholders' Equity	△314,461	109,571	△204,890	46,677	1,612,657	10,171,470

(4) Consolidated Statements of Cash Flows

(Unit : 1,000 JPY)

	FY 2018 (1 October 2017 ~ 30 September 2018)	FY 2019 (1 October 2018 ~ 30 September 2019)
Net cash provided by operating activities		
Income before income taxes	1,711,381	1,713,827
Depreciation and amortization	84,557	114,048
Impairment Loss	41,558	-
Amortization of goodwill	69,677	93,418
Stock-based Compensation Expense	45,967	58,944
Increase in allowance for doubtful accounts (Decrease:△)	△1,524	△16,773
Interest and dividends income	△13,745	△103
Interest Expenses Paid	15,228	11,376
Foreign exchange losses (Gains:△)	1,637	△8,292
Equity in losses of affiliates (Gains:△)	△69,077	△35,257
Loss on investments in partnership (Gains:△)	△139,044	△1,772
Decrease in notes and accounts receivable-trade (Increase:△)	△598,739	△1,678,088
Decrease in notes and accounts receivable-trade (Increase:△)	△566,715	△1,435,734
Decrease in inventories (Increase:△)	△579,138	△848,698
Increase in notes and accounts payable-trade (Decrease:△)	150,912	4,666
Decrease in sales of stocks of subsidiaries and affiliates(Increase: △)	△24,187	-
Increase in accounts payable-other (Decrease:△)	597,231	618,268
Increase in deposits received (Decrease:△)	△240,680	71,313
Increase in consumption taxes payable (Decrease:△)	△46,193	△12,888
Other	42,497	190,571
Subtotal	481,600	△1,161,175
Interest and dividends income received	13,707	101,369
Interest expenses paid	△15,391	△11,426
Income taxes refund	783	9,926
Income taxes paid	△525,484	△707,734
Net cash provided by operating activities	△44,784	△1,769,040
Net cash provided by investment activities		
Purchase of property, plant and equipment	△154,620	△113,654
Purchase of intangible assets	△38,012	△66,533
Purchase of investment securities	△120,571	△161,084
Proceeds from withdrawal of time deposits	23,252	-
Payments for lease and guarantee deposits	△17,756	△3,500
Proceeds from lease and guarantee deposits	-	14,018
Proceeds from share of profits on investments in partnership	152,668	12,742
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△273,851	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	31,294	-
Payments of Loans Receivable	-	△20,794
Other	394	△55
Net cash provided by investment activities	△397,202	△338,862

(Unit : 1,000 JPY)

	FY 2018 (1 October 2017 ~ 30 September 2018)	FY 2019 (1 October 2018 ~ 30 September 2019)
Net cash provided by financing activities		
Increase in short-term loans payable (Decrease:△)	463,890	1,922,900
Repayment of long-term loans payable	△302,053	△28,260
Proceeds from exercise of stock option	4,206	-
Repayment of Lease Obligations	△382	-
Purchase of treasury stock	△145,370	△380,532
Proceeds from disposal of treasury stock in subsidiaries	△96	-
Proceeds from issuance of subscription rights to shares	5,280	-
Cash dividends paid	△159,609	△158,961
Cash dividends paid to Non-controlling Interests	-	△19,549
Proceeds from stock issuance to Non-controlling Interests	11,086	98,000
Net cash provided by financing activities	△123,049	1,433,595
Effect of exchange rate change on cash and cash equivalents	△5,156	△22,793
Net increase in cash and cash equivalents(Decrease:△)	△570,192	△697,100
Cash and cash equivalents at the beginning of the year	6,745,628	6,175,435
Cash and cash equivalents	6,175,435	5,478,335

- (5) Notes on Consolidated Financial Statements
(Notes regarding the premise of on-going concerns)
Not Applicable

(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. There are no applicable matters.

(Segment Information)

1. Overview of Reportable Segments

Selection of Reportable Segment

The Company's reportable segments are possible to separately acquire financial information among the Company's structural units and are subject to reviews that are carried out periodically to make a decision of allocations of management resources and to evaluate performance by the board of directors.

The Company consists of segments classified by each business territory and E-Commerce Business and Incubation Business are the two reportable segments.

Services provided by each segment are as follows:

Segment		Main Business(es)
E-Commerce	Cross-Border	Overseas Forwarding "tenso.com" and Proxy Purchasing Business "Buyee" Global shopping Business "Sekaimon"
	Value Cycle	Apparel Reuse Business "Brandear" Liquor Mediation Business "JOYLAB"
	Retailing and Licensing	Entertainment Business Global Product Business
Incubation		Investment and Consultation Business Pre-Monetized Start-up Business

2. Calculations Method of Each Segment's Net Sales, Profit/Loss, Assets, Liabilities and Other Values

Accounting method of each reportable segment is in accordance with the method mentioned in "Important Elements for Preparing Consolidated Financial Results".

Profit of reportable segments are based on the operating income.

Inter-segment profit and transfer is based on the market price.

3. Information regarding sales, profit or loss, assets, liabilities and other information by reporting segment
FY2018 (1 October 2017 ~ 30 September 2018)

(Unit : 1,000JPY)

(Unit : 1,000,000 Yen)

	Reporting Segment						Adjustments *1, 3	Recorded Amount on Consolidated Profit & Loss Statement *2
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Net Sales								
Sales to Customers	4,503,058	12,424,329	4,633,792	21,561,180	1,206,337	22,767,517	685	22,768,203
Internal Sales or Transfers Between Segments	1,044	—	1,722	2,766	—	2,766	△2,766	—
Total	4,504,103	12,424,329	4,635,514	21,563,947	1,206,337	22,770,284	△2,081	22,768,203
Segment Earnings	684,519	440,130	121,115	1,245,764	788,257	2,034,022	△500,513	1,533,508
Segment Assets	3,354,721	5,163,005	2,035,145	10,552,872	3,410,931	13,963,804	1,729,916	15,693,720
Segment Liabilities	1,713,204	1,139,602	1,688,241	4,541,049	176,263	4,717,312	1,185,359	5,902,672
Other Items								
Depreciation	34,522	39,113	5,794	79,430	460	79,890	4,667	84,557
Amortization of Goodwill	19,917	36,973	12,787	69,677	—	69,677	—	69,677
Investment amount by equity method	—	—	—	—	141,789	141,789	77,237	219,026
Change in amount of current and non-current assets	23,954	174,791	2,410	201,156	1,438	202,594	107,056	309,651

- * 1. The segment earnings adjustment of △500 Million JPY includes the deletion of inter-segment transactions of △166 Million JPY, company-wide revenue of 448 Million JPY, that is not distributed to each reporting segment and company-wide costs of △781 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 profits are adjusted in the operating income of the Consolidated Profit & Loss Statement
3. The Adjustment of Segment Assets of 1,729 Million JPY include corporate-wide assets of 2,805 Million JPY and elimination of transactions between segments of △1,117 Million JPY that are not distributed among the segments. The main portion of corporate-wide assets include cash held by the holding company and long-term investment funds (investment securities).
4. Increases in tangible and intangible assets do not include increases from newly consolidated subsidiaries.

FY2019 (1 October 2018 ~ 30 September 2019)

(Unit : 1,000JPY)

	Reporting Segment						Adjustments *1, 3	Recorded Amount on Consolidated Profit & Loss Statement *2
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Net Sales								
Sales to Customers	4,929,193	13,164,690	4,931,999	23,025,883	2,250,874	25,276,757	—	25,276,757
Internal Sales or Transfers Between Segments	—	237	5,295	5,533	8,471	14,005	△14,005	—
Total	4,929,193	13,164,928	4,937,295	23,031,417	2,259,345	25,290,763	△14,005	25,276,757
Segment Earnings	725,989	△6,998	61,209	780,199	1,402,643	2,182,843	△475,209	1,707,633
Segment Assets	3,316,613	4,978,847	2,229,420	10,524,882	6,479,401	17,004,283	1,807,002	18,811,286
Segment Liabilities	1,585,918	685,874	2,084,565	4,356,358	308,651	4,665,010	3,974,804	8,639,815
Other Items								
Depreciation	42,454	41,469	6,624	90,548	11,026	101,574	12,473	114,048
Amortization of Goodwill	18,708	74,710	—	93,418	—	93,418	—	93,418
Investment amount by equity method	—	—	—	—	109,612	109,612	36,935	146,547
Change in amount of current and non-current assets	12,953	13,089	2,626	28,669	51,233	79,903	4,587	84,491

* 1 . The segment earnings adjustment of △475 Million JPY includes the deletion of inter-segment transactions of △1,762 Million JPY, company-wide revenue of 2,200 Million JPY, that is not distributed to each reporting segment and company-wide costs of △912 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 profits are adjusted in the operating income of the Consolidated Profit & Loss Statement

3 . The Adjustment of Segment Assets of 1,807 Million JPY include corporate-wide assets of 5,235 Million JPY and elimination of transactions between segments of △3,611 Million JPY that are not distributed among the segments. The main portion of corporate-wide assets include cash held by the holding company and long-term investment funds (investment securities).

(Information on losses on noncurrent assets by segment)

FY2018 (1 October 2017 ~ 30 September 2018)

	Reporting Segment						Adjustments	Total
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Impairment Loss	—	—	41,558	41,558	—	—	—	41,558

FY2019 (1 October 2018 ~ 30 September 2019)

	Reporting Segment						Adjustments	Total
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Impairment Loss	—	—	—	—	—	—	—	—

(Information regarding amortization of goodwill and undepreciated balance by reporting segment)

FY2018 (1 October 2017 ~ 30 September 2018)

(Unit : 1,000 JPY)

Unit : 1,000 JPY

	Reporting Segment						Adjustments	Total
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Amortization	19,917	36,973	12,787	69,677	—	69,677	—	69,677
Undepreciated Balance	18,708	332,761	—	351,469	—	351,469	—	351,469

FY2019 (1 October 2018 ~ 30 September 2019)

(Unit : 1,000 JPY)

(Unit : 1,000 JPY)

	Reporting Segment						Adjustments	Total
	E-Commerce Business				Incubation Business	Total		
	Cross Border	Value Cycle	Retailing and Licensing	Subtotal				
Amortization	18,708	74,710	—	93,418	—	93,418	—	93,418
Undepreciated Balance	—	303,842	—	303,842	—	303,842	—	303,842

(Information regarding negative goodwill by reporting segment)

Not Applicable

(Information per share)

FY 2018 (1 October 2017 ~ 30 September 2018)		FY 2019 (1 October 2018 ~ 30 September 2019)	
Net assets per share	673.52 JPY	Net assets per share	713.16 JPY
Net income per share	75.57 JPY	Net income per share	89.58 JPY

(Note) 1. The diluted net income per share for this fiscal year is not included as there are no dilutive shares with a dilutive effect.

2. The basic calculation of net assets per share is as follows

Item	FY 2018 (30 September 2018)	FY 2019 (30 September 2019)
Total net assets (1,000JPY)	9,791,048	10,171,470
Amount deducted from net assets (1,000JPY)	1,572,131	1,659,335
(Non-controlling interests (1,000JPY))	(1,550,724)	(1,612,657)
(Subscription rights to shares (1,000JPY))	(21,406)	(46,677)
Net assets of the year-end in accordance with common stock (1,000JPY)	8,218,916	8,512,135
Outstanding shares of common stock (Shares)	12,332,600	12,332,600
Treasury shares of common stock (Shares)	129,678	396,747
Number of common shares used in the calculation of net assets per share (Shares)	12,202,922	11,935,853

3. The basic calculation of net income per share and diluted net income per share are as follows

Item	FY 2018 (1 October 2017 ~ 30 September 2018)	FY 2019 (1 October 2018 ~ 30 September 2019)
Net income per share		
Comprehensive income attributable to owners of parent (1,000JPY)	922,927	1,077,042
Profit not attributable to owners of parent (1,000JPY)	—	—
Net income attributable to parent company shareholders of common stock (1,000JPY)	922,927	1,077,042
Average number of shares outstanding during the fiscal year (Shares)	12,212,206	12,023,665
Diluted net income per share		
Adjusted profit attributable to owners of parent (1,000JPY)	—	—
Number of increased common shares (Shares)	—	—
(Of which are share warrants (Shares))	(—)	(—)
As there was no dilutive effect, it is a summary of the diluted shares that were not calculated among the net income	9 th Paid Stock Option (Equity Warrant) 3,325 units 10 th Paid Stock Option (Equity Warrant) 6,600 units 11 th Free Stock Option (Equity Warrant) 629 units	9 th Paid Stock Option (Equity Warrant) 3,200個 10 th Paid Stock Option (Equity Warrant) 6,500個 11 th Free Stock Option (Equity Warrant) 514個

(Important Subsequent Events)

Not Applicable