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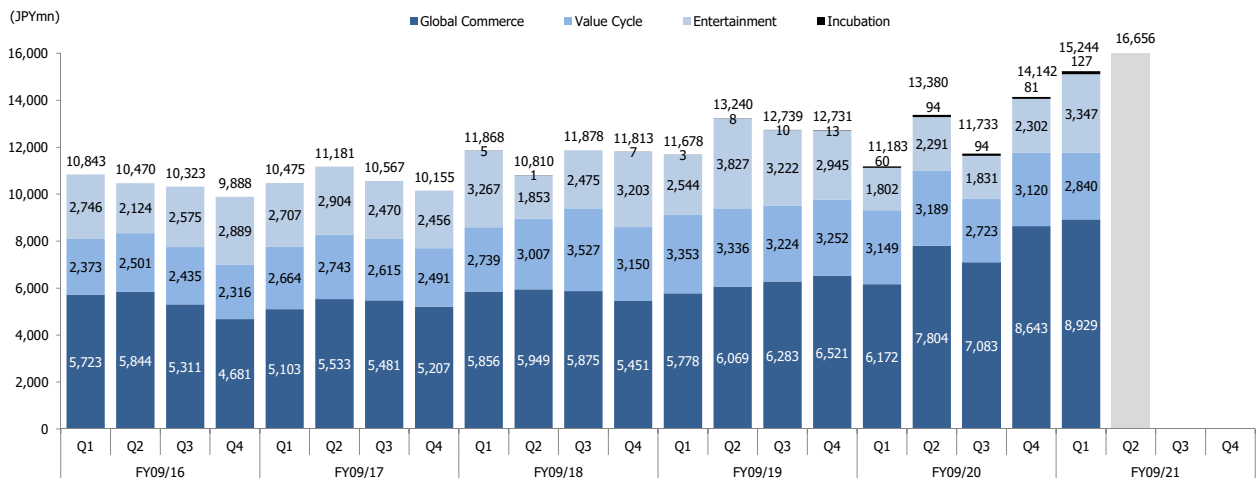
On May 6, 2021, BEENOS Inc. announced earnings results for 1H FY09/21.

Cumulative (JPYmn)	FY09/19				FY09/20				FY09/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	5,309	11,690	17,561	25,277	8,129	14,286	19,502	25,873	6,276	12,424
YoY	-1.0%	10.2%	4.6%	11.0%	53.1%	22.2%	11.1%	2.4%	-22.8%	-13.0%
Gross profit	2,516	5,549	8,288	12,665	5,076	8,027	10,538	13,745	3,163	6,231
YoY	-11.9%	-2.6%	-6.3%	6.5%	101.7%	44.7%	27.1%	8.5%	-37.7%	-22.4%
Gross profit margin	47.4%	47.5%	47.2%	50.1%	62.4%	56.2%	54.0%	53.1%	50.4%	50.2%
SG&A expenses	2,830	5,568	8,364	10,958	2,709	5,411	7,781	10,369	2,818	5,480
YoY	2.5%	9.7%	5.5%	5.8%	-4.3%	-2.8%	-7.0%	-5.4%	4.0%	1.3%
SG&A ratio	53.3%	47.6%	47.6%	43.4%	33.3%	37.9%	39.9%	40.1%	44.9%	44.1%
Operating profit	-314	-19	-76	1,708	2,367	2,616	2,757	3,376	345	751
YoY	-	-	-	11.4%	-	-	-	97.7%	-85.4%	-71.3%
Operating profit margin	-	-	-	6.8%	29.1%	18.3%	14.1%	13.0%	5.5%	6.0%
Recurring profit	-289	1	-63	1,714	2,368	2,606	2,719	3,283	312	733
YoY	-	-99.9%	-	-0.9%	-	-	-	91.6%	-86.8%	-71.9%
Recurring profit margin	-	0.0%	-	6.8%	29.1%	18.2%	13.9%	12.7%	5.0%	5.9%
Net income	-201	-69	-129	1,077	1,595	1,711	1,784	1,892	123	285
YoY	-	-	-	16.7%	-	-	-	75.6%	-92.3%	-83.3%
Net margin	-	-	-	4.3%	19.6%	12.0%	9.1%	7.3%	2.0%	2.3%

Quarterly (JPYmn)	FY09/19				FY09/20				FY09/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	5,309	6,381	5,871	7,716	8,129	6,157	5,216	6,371	6,276	6,148
YoY	-1.0%	21.6%	-5.1%	29.2%	53.1%	-3.5%	-11.2%	-17.4%	-22.8%	-0.1%
Gross profit	2,516	3,033	2,739	4,377	5,076	2,951	2,511	3,207	3,163	3,067
YoY	-11.9%	6.8%	-13.1%	43.9%	101.7%	-2.7%	-8.3%	-26.7%	-37.7%	3.9%
Gross profit margin	47.4%	47.5%	46.7%	56.7%	62.4%	47.9%	48.1%	50.3%	50.4%	49.9%
SG&A expenses	2,830	2,737	2,797	2,593	2,709	2,701	2,370	2,588	2,818	2,661
YoY	2.5%	18.2%	-1.9%	6.8%	-4.3%	-1.3%	-15.2%	-0.2%	4.0%	-1.5%
SG&A ratio	53.3%	42.9%	47.6%	33.6%	33.3%	43.9%	45.4%	40.6%	44.9%	43.3%
Operating profit	-314	295	-58	1,784	2,367	249	141	619	345	406
YoY	-	-43.6%	-	190.9%	-	-15.5%	-	-65.3%	-85.4%	62.7%
Operating profit margin	-	4.6%	-	23.1%	29.1%	4.1%	2.7%	9.7%	5.5%	6.6%
Recurring profit	-289	290	-64	1,777	2,368	238	113	564	312	421
YoY	-	-53.2%	-	184.4%	-	-17.8%	-	-68.2%	-86.8%	76.8%
Recurring profit margin	-	4.5%	-	23.0%	29.1%	3.9%	2.2%	8.9%	5.0%	6.8%
Net income	-201	132	-60	1,206	1,595	117	73	107	123	162
YoY	-	-60.7%	-	183.8%	-	-11.2%	-	-91.1%	-92.3%	38.7%
Net margin	-	2.1%	-	15.6%	19.6%	1.9%	1.4%	1.7%	2.0%	2.6%

Source: Shared Research based on company data
 Note: Figures may differ from company materials owing to differences in rounding methods.
 Note: Net income is net income attributable to owners of the parent.

Quarterly gross merchandise value by segment (segment names changed in FY09/21)



Source: Shared Research based on company data
 Note: Figures may differ from company materials owing to differences in rounding methods.

Performance by segment (segment names changed in FY09/21)

By segment (cumulative) (JPYmm)	FY09/19				FY09/20				FY09/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	5,309	11,690	17,561	25,277	8,129	14,286	19,502	25,873	6,276	12,424
YoY	-1.0%	10.2%	4.6%	11.0%	53.1%	22.2%	11.1%	2.4%	-22.8%	-13.0%
E-Commerce	5,298	11,573	17,404	23,031	5,244	11,360	16,244	22,118	6,263	12,339
YoY	-0.8%	13.2%	8.0%	6.8%	-1.0%	-1.8%	-6.7%	-4.0%	19.4%	8.6%
% of total revenue	99.7%	98.9%	99.0%	91.1%	64.3%	79.2%	83.0%	85.2%	99.6%	99.0%
Global Commerce	1,163	2,404	3,699	4,929	1,231	2,803	4,216	5,926	1,769	3,838
YoY	4.0%	6.2%	7.8%	9.4%	5.8%	16.6%	14.0%	20.2%	43.7%	36.9%
% of total revenue	21.9%	20.5%	21.0%	19.5%	15.1%	19.6%	21.5%	22.8%	28.1%	30.8%
Value Cycle	3,353	6,689	9,914	13,165	3,149	6,338	9,061	12,181	2,840	5,729
YoY	22.4%	16.4%	6.9%	6.0%	-6.1%	-5.2%	-8.6%	-7.5%	-9.8%	-9.6%
% of total revenue	63.1%	57.2%	56.4%	52.1%	38.6%	44.2%	46.3%	46.9%	45.2%	46.0%
Entertainment	781	2,480	3,791	4,937	865	2,219	2,967	4,011	1,654	2,772
YoY	-47.3%	12.1%	11.2%	6.5%	10.7%	-10.5%	-21.7%	-18.8%	91.3%	24.9%
% of total revenue	14.7%	21.2%	21.6%	19.5%	10.6%	15.5%	15.2%	15.5%	26.3%	22.2%
Incubation	15	125	168	2,259	2,914	2,975	3,325	3,842	22	124
YoY	-39.4%	-67.9%	-75.3%	87.3%	19352.1%	2278.3%	1877.3%	70.0%	-99.2%	-95.8%
% of total revenue	0.3%	1.1%	1.0%	8.9%	35.7%	20.8%	17.0%	14.8%	0.4%	1.0%
Adjustments	-3	-7	-11	-14	-29	-49	-68	-87	-9	-39
Operating profit	-314	-19	-76	1,708	2,367	2,616	2,757	3,376	345	751
YoY	-	-	-	11.4%	-	-	-	97.7%	-85.4%	-71.3%
Operating profit margin	-	-	-	6.8%	29.1%	18.3%	14.1%	13.0%	5.5%	6.0%
E-Commerce	-126	253	443	842	217	816	1,093	1,698	771	1,587
YoY	-	-62.8%	-51.5%	-32.4%	-	222.6%	146.9%	101.8%	255.8%	94.6%
Operating profit margin	-2.4%	2.2%	2.5%	3.7%	4.1%	7.2%	6.7%	7.7%	12.3%	12.9%
Global Commerce	94	290	540	726	283	785	1,140	1,686	579	1,293
YoY	-46.1%	-19.1%	3.2%	6.1%	201.0%	171.1%	111.3%	132.2%	104.9%	64.8%
Operating profit margin	8.1%	12.0%	14.6%	14.7%	23.0%	28.0%	27.0%	28.5%	32.7%	33.7%
Value Cycle	-230	-105	-204	-7	-28	59	17	104	52	131
YoY	-	-	-	-	-	-	-	-	-	-
Operating profit margin	-	-	-	-	-	0.9%	0.2%	0.9%	1.8%	2.3%
Entertainment	10	69	107	123	-38	-29	-64	-91	140	163
YoY	-80.2%	99.2%	56.2%	1.3%	-	-	-	-	-	-
Operating profit margin	1.2%	2.8%	2.8%	2.5%	-	-	-	-	8.5%	-
Incubation	-87	-73	-234	1,403	2,446	2,249	2,276	2,475	-246	-421
YoY	-	-	-	77.9%	-	-	-	76.5%	-	-
Operating profit margin	-	-	-	62.1%	83.9%	75.6%	68.4%	64.4%	-	-
Adjustments	-101	-199	-285	-537	-296	-449	-612	-797	-180	-415

Source: Shared Research based on company data

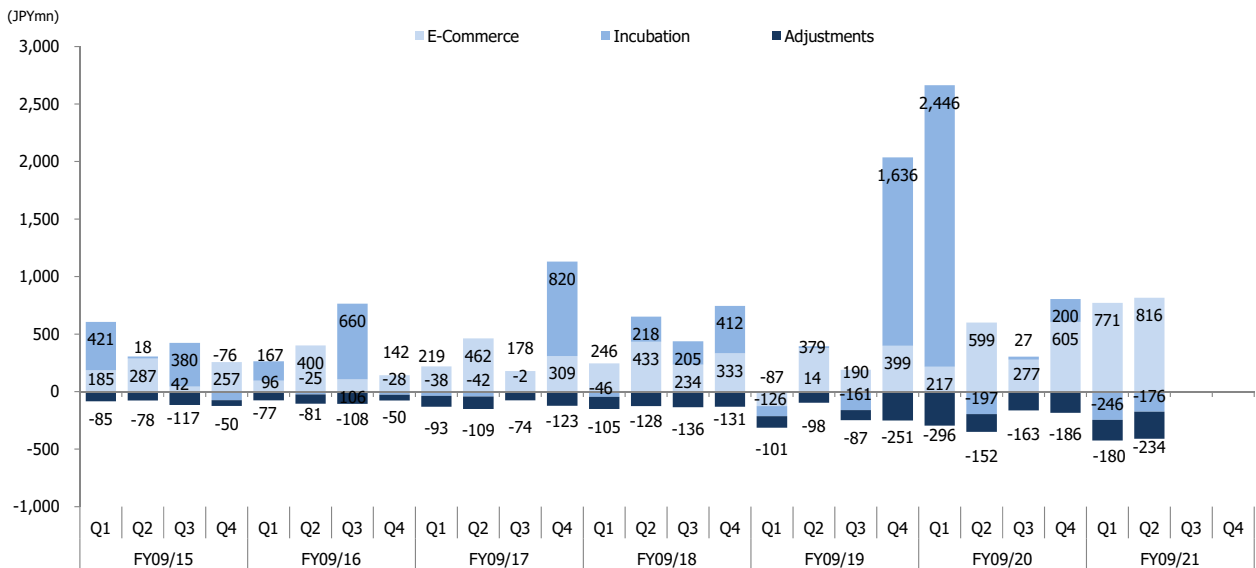
Note: Figures may differ from company materials owing to differences in rounding methods.

Note: Figures for percentage of total calculated after intra-segment adjustments.

By segment (quarterly) (JPYmm)	FY09/19				FY09/20				FY09/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	5,309	6,381	5,871	7,716	8,129	6,157	5,216	6,371	6,276	6,148
YoY	-1.0%	21.6%	-5.1%	29.2%	53.1%	-3.5%	-11.2%	-17.4%	-22.8%	-0.1%
E-Commerce	5,298	6,275	5,831	5,628	5,244	6,116	4,884	5,874	6,263	6,077
YoY	-0.8%	28.6%	-1.0%	3.3%	-1.0%	-2.5%	-16.2%	4.4%	19.4%	-0.6%
% of total revenue	99.7%	98.3%	99.3%	72.9%	64.3%	99.0%	93.3%	91.9%	99.6%	98.4%
Global Commerce	1,163	1,240	1,295	1,231	1,231	1,572	1,413	1,710	1,769	2,069
YoY	4.0%	8.4%	11.0%	14.7%	5.8%	26.7%	9.1%	38.9%	43.7%	31.6%
% of total revenue	21.9%	19.4%	22.0%	15.9%	15.1%	25.5%	27.0%	26.8%	28.1%	33.5%
Value Cycle	3,353	3,336	3,225	3,251	3,149	3,189	2,723	3,120	2,840	2,889
YoY	22.4%	10.9%	-8.6%	3.2%	-6.1%	-4.4%	-15.6%	-4.0%	-9.8%	-9.4%
% of total revenue	63.1%	52.2%	54.9%	42.1%	38.6%	51.6%	52.0%	48.8%	45.2%	46.8%
Entertainment	781	1,698	1,312	1,146	865	1,354	748	1,045	1,654	1,119
YoY	-47.3%	133.2%	9.4%	-6.5%	10.7%	-20.2%	-43.0%	-8.9%	91.3%	-17.4%
% of total revenue	14.7%	26.6%	22.3%	14.8%	10.6%	21.9%	14.3%	16.3%	26.3%	18.1%
Incubation	15	110	43	2,091	2,914	62	350	516	22	102
YoY	-39.4%	-69.8%	-85.3%	298.9%	19352.1%	-44.2%	712.4%	-75.3%	-99.2%	65.4%
% of total revenue	0.3%	1.7%	0.7%	27.1%	35.7%	1.0%	6.7%	8.1%	0.4%	1.6%
Adjustments	-3	-4	-3	-3	-29	-20	-18	-19	-9	-31
Operating profit	-314	295	-58	1,784	2,367	249	141	619	345	406
YoY	-	-43.6%	-	190.9%	-	-15.5%	-	-65.3%	-85.4%	62.7%
Operating profit margin	-	4.6%	-	23.1%	29.1%	4.1%	2.7%	9.7%	5.5%	6.6%
E-Commerce	-126	379	190	399	217	599	277	605	771	816
YoY	-	-12.5%	-18.7%	19.8%	-	57.9%	46.1%	51.7%	255.8%	36.2%
Operating profit margin	-	6.0%	3.3%	7.1%	4.1%	9.8%	5.7%	10.3%	12.3%	13.4%
Global Commerce	94	196	250	186	283	502	355	546	579	714
YoY	-46.1%	6.7%	51.5%	15.3%	201.0%	156.7%	42.0%	193.0%	104.9%	42.2%
Operating profit margin	8.1%	15.8%	19.3%	15.1%	23.0%	31.9%	25.1%	31.9%	32.7%	34.5%
Value Cycle	-230	125	-99	197	-28	87	-42	87	52	79
YoY	-	-52.8%	-	65.5%	-	-30.2%	-	-56.2%	-	-9.0%
Operating profit margin	-	3.7%	-	6.1%	-	2.7%	-	2.8%	1.8%	2.7%
Entertainment	10	59	39	15	-38	10	-36	-27	140	23
YoY	-80.2%	-	13.1%	-71.0%	-	-83.5%	-	-	-	132.4%
Operating profit margin	1.2%	3.5%	3.0%	1.3%	-	0.7%	-	-	8.5%	2.0%
Incubation	-87	14	-161	1,636	2,446	-197	27	200	-246	-176
YoY	-	-	-	-	-	-	-	-	-	-
Operating profit margin	-	13.1%	-	78.2%	83.9%	-	7.6%	38.7%	-	-
Adjustments	-101	-98	-87	-251	-296	-152	-163	-186	-180	-234

Source: Shared Research based on company data
 Note: Figures may differ from company materials owing to differences in rounding methods.
 Note: Figures for percentage of total calculated after intra-segment adjustments.

Consolidated operating profit (quarterly)



Source: Shared Research based on company data
 Note: Figures may differ from company materials owing to differences in rounding methods.

1H FY09/21 results (out May 6, 2021)

Consolidated results for 1H FY09/21 (October 2020–March 2021)

- ▷ Revenue: JPY12.4bn (-13.0% YoY)
- ▷ Operating profit: JPY751mn (-71.3% YoY)
- ▷ Recurring profit: JPY733mn (-71.9% YoY)
- ▷ Net income attributable to owners of the parent: JPY285mn (-83.3% YoY)
- ▷ The gross merchandise value (GMV) of products sold in Japan and overseas came to JPY31.9bn (+30.2% YoY).
- ▷ The company attributed the YoY decline in revenue and profit to a decline of JPY2.9bn in revenue tied to the sale of operational investment securities in the Incubation business.

Results by segment and sub-segment are detailed below. Please note, starting in FY09/21, sub-segment names under the E-Commerce segment have been changed.

E-Commerce segment

- ▷ Segment revenue: JPY12.3bn (+8.6% YoY)
- ▷ Segment operating profit: JPY1.6bn (+94.6% YoY)

Global Commerce (formerly Cross Border)

- ▷ Sub-segment revenue: JPY3.8bn (+36.9% YoY)
- ▷ Sub-segment operating profit: JPY1.3bn (+64.8% YoY)
- ▷ The company pursued greater market shares by expanding its international shipping network to include more low-cost alternatives for various countries in response to changes in the market environment in the wake of the COVID-19 pandemic.

Overseas forwarding and proxy purchasing business (from Japan)

- ▷ At its Buyee proxy purchasing business, the company saw continued steady growth in goods sold through Mercari following its tie-up with Mercari, Inc. (TSE Mothers: 4385) in November 2019.
- ▷ Revenue increased following the company's move to expand its international shipping alternatives to various countries in response to delivery delays and suspensions of service by some shipping service providers caused by the pandemic. North American orders in particular grew thanks to the introduction of a unique shipping service that is on average at least 50% cheaper than more conventional services.
- ▷ The company's aggressive campaign in Taiwan, an area of strategic focus, contributed an increase in orders in that market.
- ▷ BEENOS also made it easier for online sellers to make their products available overseas via its Buyee Connect service, simply by installing a few lines of tags (tracking codes) on the seller's website. Popular websites already using Buyee Connect include LOCONDO.jp and FASHION WALKER, operated by Locondo, Inc. (TSE Mothers: 3558). Buyee Connect also supports multiple languages and allows users to pay via major foreign payment services such as PayPal and Alipay.

Global shopping business (To Japan)

- ▷ The company strengthened its profitability structure by ongoing search engine optimization (SEO) strategy, process automation, and streamlined distribution. It also implemented personalized marketing to boost active user count. In California, where the company's warehouse is located, there were some operational delays due to the spread of COVID-19, but the company indicated that operations had returned to normal by end-Q2.

Value Cycle

- ▷ Sub-segment revenue: JPY5.7bn (-9.6% YoY)
- ▷ Sub-segment operating profit: JPY131mn (+120.6% YoY)
- ▷ The company opened up more stores specialized in purchasing to advance the purchase of high-priced goods for sale in Japan and overseas.

Brand apparel reuse business

Revenue finished down as the resurgence of the COVID-19 cases in Japan and the declaration of a state of emergency, particularly in the Tokyo metropolitan area, discouraged people from buying apparel and brand-name goods. However, operating profit and OPM improved thanks to improved GPM and the implementation of strict cost controls, including optimization of cost-efficiency in advertising expenses.

In terms of purchases, BEENOS opened three Brandear brick-and-mortar stores in Tokyo to strengthen the purchasing of high-priced merchandise such as luxury brand goods, which contributed to an ongoing increase in the average purchasing price. Moreover, purchasing volume expanded steadily with the company's online appraising service "Brandear Bell" that began appraisals of watch and accessory and the new "Anshin Pack" delivery purchasing service that has introduced insurance of up to JPY5mn on its deliveries.

On the sales side of the business, the company used its ties with online sellers such as Shopee, the largest online marketplace in Southeast Asia and Taiwan, to further expand sales overseas. The company also started a backorder service that allows customers interested in specific items available on the company's own website (Brandear Auction) to have that item shipped to a nearby Brandear or JOYLAB (specializing in alcoholic products) location where they can inspect the item first-hand before buying.

Liquor mediation business

- ▷ BEENOS logged an increase in purchases at its liquor mediation business following its marketing push aimed at restaurants and bars that want to sell liquors and be paid in cash. On the other hand, sales were firm owing to the COVID-19 pandemic leading to an increase in alcohol purchases for home consumption and the ongoing popularity of whiskey produced in Japan, which has been in short supply.

Entertainment (formerly Retailing and Licensing)

- ▷ Sub-segment revenue: JPY2.8bn (+24.9% YoY)
- ▷ Sub-segment operating profit: JPY163mn (versus loss of JPY29mn in 1H FY09/20)

Entertainment business

Product sales at event venues dropped sharply as the COVID-19 pandemic contributed to fewer large-scale events. However, revenue in the business was firm thanks to the company's focus on e-commerce sales tied to online events as a means to reduce its dependence on in-person attendance at live events.

Global product business

The global product business saw healthy sales in its original cosmetic brands, such as 366 (San Roku Roku).

Incubation segment

- ▷ Segment revenue: JPY124mn (-95.8% YoY)
- ▷ Segment operating loss: JPY421mn (versus profit of JPY2.2bn in 1H FY09/20)
- ▷ The business recorded only marginal sales of operational investment securities in 1H FY09/21.

As of end-March 2021, the company reported operational investment securities with a book value of JPY4.8bn versus a market value of JPY20.9bn (based on the market price for listed securities and the most recent sales price of unlisted securities), up JPY900mn and JPY1.4bn, respectively, from end-September 2020.

Incubation business

- ▷ Under its Incubation business, the company primarily invests in online marketplace and online payment businesses in emerging markets and startup companies dealing with consumer goods and services for the inbound tourist market in Japan. The company also aims to generate synergies with investees. One example is Vpon JAPAN Inc., a domestic company in which BEENOS has invested and with whom subsidiary BEENOS Travel has partnered to create a digital solutions service that it now offers to companies in the cross-border travel market as well as the inbound travel market.
- ▷ While the operating environment for inbound travel-related investees remains difficult, some general marketplace investees have achieved growth exceeding pre-pandemic levels. BEENOS intends to wait for the right timing to sell its holdings and recoup its investments.

New businesses

- ▷ The company partnered with Lazada, one of Southeast Asia's largest online shopping websites, and began providing support for Japanese companies looking to set up online stores on Lazada in Q1.
- ▷ In Q2, the company launched support for the partnering of Mercari of Japan with the Alibaba Group's C2C marketplace Taobao and flea market app Xianyu, thus allowing Taobao and Xianyu users in China to make purchases on Mercari.
- ▷ Subsidiary BEENOS Entertainment Inc., launched the Groobee platform that allows artists and others in the entertainment industry to create an e-commerce website in as little as five business days.
- ▷ Working in partnership with Shinkin Central Bank (TSE: 8221), BEENOS has started a new business to support overseas sales by small and medium-sized Japanese companies by creating online stores that offer goods sold by Japanese companies that do business with any of the shinkin banks in Japan.
- ▷ With regard to the impact of the pandemic, the company said there is no way of getting around the sharp drop in inbound tourist traffic so it is focusing instead on delaying outlays on marketing and other investments.

Company forecast for FY09/21

(JPYmn)	FY09/18			FY09/19			FY09/20			FY09/21
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.
Revenue	10,611	12,157	22,768	11,690	13,587	25,277	14,286	11,587	25,873	12,424
YoY	5.9%	13.7%	9.9%	10.2%	11.8%	11.0%	22.2%	-14.7%	2.4%	-13.0%
Cost of revenue	4,916	5,961	10,877	6,141	6,470	12,611	6,259	5,868	12,128	6,193
Gross profit	5,695	6,196	11,891	5,549	7,117	12,665	8,027	5,719	13,745	6,231
Gross profit margin	53.7%	51.0%	6.3%	47.5%	52.4%	6.5%	56.2%	49.4%	53.1%	50.2%
SG&A expenses	5,077	5,281	10,358	5,568	5,390	10,958	5,411	4,959	10,369	5,480
SG&A ratio	47.8%	43.4%	45.5%	47.6%	39.7%	43.4%	37.9%	42.8%	40.1%	44.1%
Operating profit	618	915	1,534	-19	1,726	1,708	2,616	760	3,376	751
YoY	55.0%	-17.4%	1.7%	-	88.6%	11.4%	-	-56.0%	97.7%	-71.3%
Operating profit margin	5.8%	7.5%	6.7%	-	12.7%	6.8%	18.3%	6.6%	13.0%	6.0%
Recurring profit	756	973	1,729	1	1,713	1,714	2,606	677	3,283	733
YoY	66.8%	-11.5%	11.3%	-99.9%	76.0%	-0.9%	286581.6%	-60.5%	91.6%	-71.9%
Recurring profit margin	7.1%	8.0%	7.6%	0.0%	12.6%	6.8%	18.2%	5.8%	12.7%	5.9%
Net income	372	551	923	-69	1,146	1,077	1,711	180	1,892	285
YoY	256.9%	-39.3%	-8.7%	-	108.1%	16.7%	-	-84.3%	75.6%	-83.3%
Net margin	3.5%	4.5%	4.1%	-	8.4%	4.3%	12.0%	1.6%	7.3%	2.3%

Source: Shared Research based on company data

Note: Figures may differ from company materials owing to differences in rounding methods.

The company is holding off on issuing a forecast for full-year consolidated earnings for FY09/21, saying it plans to continue cashing out of holdings in companies in which it has invested under its Incubation business as their businesses grow and prosper, but is waiting for the right timing and the right price at which to do so; with respect to the timing and size of investments in new businesses, the company plans to maintain flexibility and keep its options open at this time. However, the company did provide estimates for gross merchandise value, revenue, and operating profit for each of the sub-segments in the E-Commerce segment, and announced upward revisions together with the release of 1H FY09/21 results on May 6, 2021. For the segment as a whole, the company projects gross merchandise value of JPY62.4bn (+24.6% YoY), full-year revenue of JPY24.3bn (+9.9% YoY), and operating profit of JPY2.9bn (+69.0% YoY).

The forecast by segment in the E-Commerce Business is as follows.

BEENOS focuses on GMV (total transaction amount for products handled by the group's various companies) as a key performance indicator, so the initial outlook by segment was previously provided in GMV estimates instead of revenue estimates, but the revised outlook also includes revenue and operating profit estimates from FY09/21.

E-Commerce segment: company estimates for FY09/21

(JPYmn)		FY09/20 Act.	FY09/21			
			Initial Est.	YoY	Rev. Est. (May 6)	YoY
Gross merchandise value	E-commerce	50,100	55,200	10.2%	62,400	24.6%
	Global Commerce (former Cross Border)	29,700	34,200	15.2%	39,700	33.7%
	Value Cycle (former Value Cycle)	12,100	13,000	7.4%	12,000	-0.8%
	Entertainment (former Retailing and Licensing)	8,200	8,000	-2.4%	10,600	29.3%
Revenue	E-commerce	22,118	24,600	11.2%	24,300	9.9%
	Global Commerce (former Cross Border)	5,926	7,600	28.3%	7,800	31.6%
	Value Cycle (former Value Cycle)	12,181	13,000	6.7%	12,000	-1.5%
	Entertainment (former Retailing and Licensing)	4,011	4,000	-0.3%	4,400	9.7%
Operating profit	E-commerce	1,698	2,330	37.2%	2,870	69.0%
	Global Commerce (former Cross Border)	1,686	2,150	27.5%	2,550	51.2%
	Value Cycle (former Value Cycle)	104	180	73.9%	180	73.9%
	Entertainment (former Retailing and Licensing)	-91	0	-	140	-

Source: Shared Research based on company data

Note: Since Value Cycle involves only the sale of goods, GMV and revenue are the same amount.

E-Commerce segment

The company forecasts GMV of JPY62.4bn (+24.6% YoY) for the E-Commerce segment overall.

Global Commerce business (formerly the Cross Border business)

Orders have been increasing, especially in North America, where the company has introduced a less expensive international delivery service. The company believes this trend will continue and has lifted its forecasts for GMV, revenue, and operating profit for FY09/21.

The company has made China and Russia its strategic focus for its "from Japan" business in addition to Taiwan. In China and Russia, the company is looking to gain market share with the help of more competitive commission rates and better customer support than the domestic and overseas companies that are already operating in those markets. It plans to continue strengthening collaboration with overseas marketplaces. The company has not factored in any impact of the COVID-19 pandemic on international shipments. Meanwhile, as BEENOS does not expect the "to Japan" business to expand its market footprint by very much, it expects to commit only a limited amount of resources as it moves ahead with the automation of operations on these fronts.

Value Cycle business

The spread of COVID-19 and the Japanese government's declaration of a state of emergency led consumers to refrain from going out, which contributed to reduced demand for brand-name products and apparel, and consequently a decline in 1H revenue. While purchasing demand is increasing, the company lowered its forecast for FY09/21 revenue in the Value Cycle business as it believes it necessary to maintain a cautious outlook on the propensity to consume moving forward. On the other hand, the company looks for a slight rise in operating profit thanks to a sustained focus on controlling gross profit and SG&A expenses.

The company's basic strategy calls for shifting more toward high-priced items at its Brandear apparel reuse business (purchase and sale of pre-owned brand-name items and apparel) and expanding sales overseas. Following the opening of its first brick-and-mortar store specializing in purchase of high-priced luxury items in FY09/20, the company is now looking to expand sales overseas by increasing sales through Buyee and forming alliances with and expanding sales through overseas platform operators. BEENOS commented that overseas markets recognize the superior quality of products listed in Japan, which means sales prices are often higher than in Japan. By expanding overseas sales, the company aims to increase purchases as a result of purchase prices going up in Japan. In Q1, the company opened three stores specialized in purchasing and plans to open two or three more in FY09/21 if circumstances warrant.

At its liquor mediation business, plans call for making full use of name-recognition of the Brandear brand to attract more customers and further expand purchasing as a whole, through efforts such as launching a new store brand, Brandear Liquor, in addition to the JOYLAB stores. Future store opening plans are to be determined, but the basic approach will be to open stores on premises shared with Brandear, with some standalone JOYLAB stores depending on the location.

Entertainment business (formerly the Retail and Licensing business)

The fallout from the pandemic is still clouding the outlook for event-related business, so the company will continue assuming that it will not be able to hold any events. Shared Research expected prospects for product sales at live events to remain difficult, largely due to entry restrictions at large-scale events. However, BEENOS lifted its forecasts for GMV, revenue, and operating profit on stronger-than-expected sales in its cosmetics brands and the aggressive promotion of online events leading to favorable e-commerce merchandise sales. The company looks for revenue growth in line with efforts directed at increasing online sales, expanding its roster of cooperating artists, and moving into new entertainment peripheral businesses.

Incubation segment

Incubation business

With regard to the type of investments made by the company under its Incubation business, in the past BEENOS focused mainly on growth markets that it knew well and thus directed most of its investments toward online marketplace operators and online payment companies operating in emerging market countries. Recognizing that it has largely covered these markets and regions, it has recently turned the focus of its investments toward domestic startup companies in businesses catering to overseas tourists in Japan, the domestic travel market, and the domestic entertainment market. While these markets have all shrunk in the wake of the pandemic, the company plans to continue investing in these areas with its eye on growth prospects over the medium to long term. With regard to its exit strategy, while the timing of future opportunities to sell specific holdings is hard to project, the company says it intends to take full advantage of opportunities to exit existing investments when the timing is right.

New businesses

The company said the rapid pace of change in the online business industry makes it essential to constantly work to create new businesses, and in keeping with this, plans to continue investing in systems development, developing new alliance partners, and otherwise investing in new growth opportunities.

This note is the most recent addition to the [full report](#).

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