

Stock Code : 3328

6 December 2018

To Our Shareholders,

4-7-35 Kita-shinagawa, Shinagawa-ku, Tokyo
BEENOS, inc.
President and Group CEO Shota Naoi

Notice of the 19th Annual Meeting of Shareholders

We cordially invite you to the 19th Annual Meeting of Shareholders (the “Annual Meeting”) and hope you will be able to participate. Details are listed below.

If you are not able to be in attendance, you are still able to exercise your right to vote by either method listed below.

[Vote in Writing]

Please vote yea or nay on each resolution on the enclosed ballot and send your completed ballot back to us by Thursday, 20 December at 5:30PM (JST).

[Vote Online]

Please go to our designated voting website (<http://www.web54.net>) and use the “Voting Code” and “Password” on the enclosed ballot to login. Please follow the instructions to vote yea or nay on each resolution. Please complete your voting by Thursday, 20 December at 5:30PM (JST).

For more details regarding voting online, please refer to the “Details Regarding Exercising Voting Rights via the Internet” section on page 4.

1. Date Friday, 21 December 2018 at 10:30AM
2. Location 4-7-36 Kita-shinagawa, Shinagawa-ku, Tokyo, Japan
Tokyo Marriott Hotel B1 Floor Iris
3. Purposes
Reports 1. Contents of the business report and consolidated financial statements for the 19th term (1 October 2017 to 30 September 2018) and the auditing report on the results of the consolidated financial statements by the boards of comptrollers and auditors
 2. Contents of the financial statements for the 19th term

Ratifications

- | | |
|--------|---|
| Item 1 | Amendment to the Articles of Incorporation |
| Item 2 | Election of 4 Directors (excluding Audit and Supervisory Committee members) |

4. Notice regarding ratifications

Voting in proxy

If you wish to vote in proxy, you may choose 1 shareholder who has voting rights to act as your representative to attend the Annual Meeting. However, please be aware that the representative must submit a certified document to become a delegated

authority.

5. Other items regarding this notice

The “notes to the consolidated financial statements of the consolidated financial documents” and “notes to the non-consolidated financial statements of the financial documents” that are generally to be included in this notice have been omitted as they have been posted on our website (<http://beenos.com>) for legal purposes and according to Article 17 of our Articles of Incorporation.

The notes included in this document are a portion of the audit report that was created by the financial auditor and the board of auditors.

We kindly ask those who will be in attendance to submit the enclosed voting form at the reception desk.

If any errors are found in this document, the consolidated financial statements or the non-consolidated financial statements, they will be corrected electronically, and revised versions will be posted on our website (<http://beenos.com>).

After the Annual Meeting, we will have a business report of the BEENOS Group. We ask for your attendance in that meeting as well.

Details of Voting Methods

Voting in Person



AGM Date Friday, 21 December 2018 at 10:30AM (JST)

Please submit the enclosed voting form at the reception desk.
We also ask you to bring this document with you to the meeting.

Absentee Voting



Voting by Mail

Voting
Deadline Thursday, 20 December 2018 at 5:30PM (JST)

Please write in your voting decision on the enclosed voting form and return to us
by the deadline.



Voting Online

Voting
Deadline Thursday, 20 December 2018 at 5:30PM (JST)

Go to the Voting Website URL and submit your voting decision.
Please see the next page for details.

【Voting Website URL】

<http://www.web54.net>

【Details Regarding Exercising Voting Rights via the Internet】

We kindly ask those who will vote online to do so upon reading and fully understanding the instructions and notifications below.

1. Voting can be done online via the voting website we have designated below. Voting can also be done on mobile devices.

【Voting Website URL】

<http://www.web54.net>




※You can also access the URL by reading the 2D Barcode (QR Code) using a mobile device that can scan barcodes. Please refer to the manual for your mobile device or app on how to read the QR Code. (QR Code is trademarked by DENSO WAVE INCORPORATED)

2. Please use the enclosed “Voting Code” and “Password” to login, then proceed to submit your vote by following the instructions given on the screen.
3. The deadline for online voting is Wednesday, 20 December 2017 at 5:30PM (JST), but we would appreciate if you could submit your vote as soon as possible so that we can count the votes in a timely manner.
4. If in case you submit multiple votes, we will consider the most recently received vote to be the valid vote. In the event that your online vote and mailed vote arrive on the same day, we will consider the online vote to be the valid vote.
5. Any data usage fees or other fees that occur in the event of connecting to the voting website will be done at your own expense.

【Information Regarding the Voting Code and Password】

1. The password is important for us to verify that the vote is actually being done by the stockholder submitting it. Please handle the password with extreme care.
2. The account will be locked if you enter the password incorrectly multiple times. In that case, please follow the instructions on the screen to re-issue a new password.
3. The voting code on the voting ballot is only valid for this Annual Meeting.

【Contact Details for Online Voting】

1. If you have any questions regarding the online voting system, please contact the following:
Sumitomo Mitsui Trust Bank Proxy Voting Web Support
【Telephone】  +81-120-652-031 (9:00AM ~ 9:00PM JST) (Japanese Only)

【Electronic Voting Platform for Institutional Investors】

Institutional investors may also use the “Electronic Voting Platform” operated by ICJ, Inc. to vote in this Annual Meeting.

Item 1: Amendment to the Articles of Incorporation

1. Reason for Amendment

We propose the following modifications to Article 2 of the Articles of Incorporation to unify our objective with that of our business and the business of our subsidiaries, and to further specify the business objectives of the Group.

2. Modifications

The content of the modifications are as follows. Changes will be effective immediately after the close of the Annual Meeting.

(Changes have been underlined)

Current	Proposed Modifications
<p>(Purposes)</p> <p>Article 2 The corporation has its objectives to operate following businesses and related businesses and to control and manage business activities by means of acquiring the stocks or holding the shares thereof that companies carrying out the following businesses and equivalent to the businesses:</p> <p>1.~12. (as is)</p> <p>13. Selling, importing, exporting and mediating the transactions of tobaccos, <u>liquors</u>, salt, documentary stamps and postal stamps</p> <p>14.~65. (as is)</p> <p>66. Planning and managing <u>recreational/sporting</u> shops</p> <p>67. (as is)</p> <p>68. Investing in venture companies</p>	<p>(Purposes)</p> <p>Article 2 The corporation has its objectives to operate following businesses and related businesses and to control and manage business activities by means of acquiring the stocks or holding the shares thereof that companies carrying out the following businesses and equivalent to the businesses:</p> <p>1.~12. (omitted)</p> <p>13. Selling, importing, exporting and mediating the transactions of tobaccos, salt, documentary stamps and postal stamps</p> <p>14.~65. (omitted)</p> <p>66. Planning and managing <u>a variety of</u> shops</p> <p>67. (omitted)</p> <p>68. Investing <u>and offering loans</u> in venture companies <u>and other companies that we deem necessary from a managerial standpoint</u></p>

Current	Proposed Modifications
<p>69.~100. (as is)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p> <p><u>101.</u> Providing consultations on activities related to the previous clauses and undertaking them on contract</p> <p><u>102.</u> All other activities accompanying and related to the previous clauses</p>	<p>69.~100. (omitted)</p> <p><u>101.</u> Party producing business</p> <p><u>102.</u> Creating and cultivating new businesses</p> <p><u>103.</u> International health coordination services</p> <p><u>104.</u> Wedding related product planning, production, processing and sales</p> <p><u>105.</u> Window display design planning and construction</p> <p><u>106.</u> Selling, importing, exporting and mediating of alcoholic beverages, soft drinks, coffee and tea</p> <p><u>107.</u> Purchasing and selling of soy sauce, sauces, vinegar and stock base</p> <p><u>108.</u> Purchasing and selling of seaweed, dried noodles, canned foods, ham, sausage and powdered coffee</p> <p><u>109.</u> Purchasing and selling of bottles, glass cups, ice buckets, pitchers, etc.</p> <p><u>110.</u> Purchasing and selling of used tools</p> <p><u>111.</u> Providing consultations on activities related to the previous clauses and undertaking them on contract</p> <p><u>112.</u> All other activities accompanying and related to the previous clauses</p>

Item 2: Election of 4 Directors (excluding Audit and Supervisory Committee members)

As of the end of this Annual Meeting, the term of the directors (excluding Audit and Supervisory Committee members) will expire and 4 directors will need to be elected. We have received verification from the Audit and Supervisory Committee members that the candidates are well suited for the position. The candidates are as follows:

Candidate		Name	Current Position
1	Reappoint	Shota Naoi	President and Group CEO
2	Reappoint	Koji Nakamura	Vice President and Group CFO
3	Reappoint	Taku Takeuchi	Director
4	Reappoint	Kenichi Sento	Director

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
1	Shota Naoi (25 December 1980)	<p>2005 Apr Joined Venture Link, Inc.</p> <p>2008 9 Joined BEENOS, inc.</p> <p>2009 10 Appointed to Executive Officer of tenso, inc.</p> <p>2012 5 Appointed to CEO (Current)</p> <p>2012 10 Appointed to TENSO UK LTD Director (Current)</p> <p>2013 12 Appointed to Director of BEENOS, inc.</p> <p>2014 12 Appointed to President and Group CEO (Current)</p> <p>2015 2 Appointed to Director of BEENOS Asia Pte. Ltd. (Current)</p> <p>2015 4 Appointed to Director of Shop Airlines, Ltd. (Current)</p> <p>2015 5 Appointed to Director of monosense, Ltd. (Current)</p> <p>2015 11 Appointed to Chairman of the Board of TAIWAN TENSO, INC. (Current)</p> <p>2017 10 Appointed to CEO of BeeCruise Inc. (Current)</p> <p>2018 3 Appointed to Director of Teikokushuhan Co. Ltd. (currently JOYLAB inc.) (Current)</p> <p>(Reason for Nomination)</p> <p>Shota Naoi has developed the Cross Border Business “From Japan” into the core business of the Company as Director of BEENOS, inc. and its subsidiary tenso, inc.. After appointed to President and Group CEO in December 2014, he has concentrated on establishing a new group strategy by setting Cross Border Business as the core and demonstrated strong leadership to expand the group business. He has organized and led the Group to create a global platform that connects Japan with the world and has a deep understanding of the details for each business in the Group. We believe that he is the most qualified to continue to contribute to the further development of the Group as his decisions in board meetings are on point and in the best interest of the company and he excels in managing and unifying the Group to grow stronger and develop faster. For these reasons we nominate him for reappointment.</p>	21,770 Shares

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
2	Koji Nakamura (20 January 1968)	<p>1990 Apr Joined Nomura Securities Co., Ltd.</p> <p>1996 12 Joined Hypernet</p> <p>1999 9 Joined Capital.com</p> <p>2001 5 Appointed to Founding President of Corporatetune</p> <p>2003 12 Appointed to Auditing Officer of BEENOS, inc.</p> <p>2006 10 Appointed to Executive Officer, Head of Finances and GM of Corporate Management</p> <p>2007 12 Appointed to Executive Managing Director and CFO</p> <p>2008 9 Appointed to Director of Defactostandard, Ltd. (Current)</p> <p>2011 12 Appointed to Director of tenso, inc.</p> <p>2012 2 Appointed to Vice President and Group CFO of BEENOS (Current)</p> <p>2012 5 Appointed to Director of BEENOS Partners</p> <p>2012 9 Appointed to Director of monosense, Ltd. (Current)</p> <p>2013 1 Appointed to Director of BEENOS Asia Pte. Ltd. (Current)</p> <p>2014 4 Appointed to Director of Shop Airlines, Ltd. (Current)</p> <p>2015 4 Appointed to President of BEENOS Partners (Current)</p> <p>2015 11 Appointed to Board Member of TAIWAN TENSU, INC. (Current)</p> <p>2017 10 Appointed to Director of BeeCruise Inc. (Current)</p> <p>2018 3 Appointed to CEO of Teikokushuhan Co. Ltd. (currently JOYLAB inc.) (Current)</p>	83,775 Shares
		<p>(Reason for Nomination)</p> <p>Koji Nakamura has fulfilled the role as Vice President and Group CFO which is responsible for the execution of operations, decision making and supervising. He has also put his effort on building relationships with investors and formulating the Group management plan to strengthen the management foundation of the Group in IR and corporate planning field. He has excelled in taking charge of managing the corporate management division and has a deep-rooted</p>	

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
		<p>knowledge of the entire Group. We believe that he is the most qualified to continue to contribute to the further development of the Group as his decisions in board meetings are on point and in the best interest of the company and he excels in managing and unifying the Group to grow stronger and develop faster. For these reasons we nominate him for reappointment.</p>	

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
3	Taku Takeuchi (6 June 1974)	<p>1998 Apr Joined NTT DATA</p> <p>2000 4 Joined BEENOS, inc.</p> <p>2002 6 Appointed to Executive Officer of Solutions Development</p> <p>2007 10 Appointed to CEO of Defactostandard, Ltd.</p> <p>2009 12 Appointed to Director of BEENOS, inc. (Current)</p> <p>2013 4 Appointed to Chairman of the Board of Defactostandard, Ltd.</p> <p>2014 4 Appointed to CEO of Shop Airlines, Ltd. (Current)</p> <p>2014 6 Appointed to President and CEO of Shop Airlines America, Inc. (Current)</p> <p>2014 8 Appointed to President and CEO of Shop Airlines Europe B.V. (Current)</p> <p>2015 4 Appointed to Director of tenso, inc. (Current)</p> <p>2017 10 Appointed to Director of BeeCruise Inc. (Current)</p> <p>2018 3 Appointed to Director of Teikokushuhan Co. Ltd. (currently JOYLAB inc.) (Current)</p> <p>(Reason for Nomination)</p> <p>Taku Takeuchi has succeeded in raising the product buy back service “Brandear” into the No.1 service of the industry and helped the development of the Global Shipping Business “To Japan” with his strong leadership as Director of the Company and as CEO of the subsidiary Shop Airlines Japan. We believe that he is the most qualified to continue to contribute to the further development of the Group as his decisions in board meetings are on point and in the best interest of the company and he excels in managing and unifying the Group to grow stronger and develop faster. For these reasons we nominate him for reappointment.</p>	51,776 Shares

Candidate	Name (Birthdate)	CV, Positions and Responsibilities at BEENOS (Status of Concurrent Offices)	Number of shares held
4	Kenichi Sento (4 July 1979)	<p>2002 Apr Joined Fujitsu Support and Service (currently Fujitsu FSAS)</p> <p>2006 Mar Joined BEENOS</p> <p>2012 Feb Appointed to President and CEO of monosense, Ltd. (Current)</p> <p>2014 Dec Appointed to Director of BEENOS (Current)</p> <p>2016 Dec Appointed to President and CEO of SWATi inc. (Current)</p> <p>2017 Oct Appointed to Director of BeeCruise Inc. (Current)</p> <p>(Reason for Nomination)</p> <p>Kenichi Sento has launched the Producing and Licensing Business which develops products by connecting product manufacturers with celebrity productions and with the media, as the President and CEO of monosense, Ltd.. He has also led the Retailing and Licensing Business with strong leadership as Director. We have nominated Sento as a candidate with the expectation that he will further contribute to the Company. We believe that he is the most qualified to continue to contribute to the further development of the Group as his decisions in board meetings are on point and in the best interest of the company and he excels in managing and unifying the Group to grow stronger and develop faster. For these reasons we nominate him for reappointment.</p>	12,976 Shares

Note: None of the candidates have a vested interest in BEENOS

References for Item 2

Appointment Criteria for Directors

We have selected candidates that have fit the following criteria. All nominees have been approved in the Board of Directors Meeting.

1. The candidate must manage the company as a fiduciary of the shareholders. They must possess the qualities to fulfill their responsibilities in good loyalty and good care of the company with the intent to develop the company and increase its worth in the long term.
2. Directors involved in the execution of operations must have sufficient knowledge of the Group and its current status and will use his expertise to his fullest for the benefit of the Group.
3. External Directors must have ample knowledge in fields such as corporate management, financial, accounting, legal, etc. and must have enough experience to rightfully monitor and advise management decisions. They must also have sufficient knowledge and understanding on the responsibility of a director and how Board of Directors Meetings are executed.
4. External Directors must also meet the Independence Criteria in addition to the aforementioned criteria.
5. Legally meets the eligibility requirements to be a director.

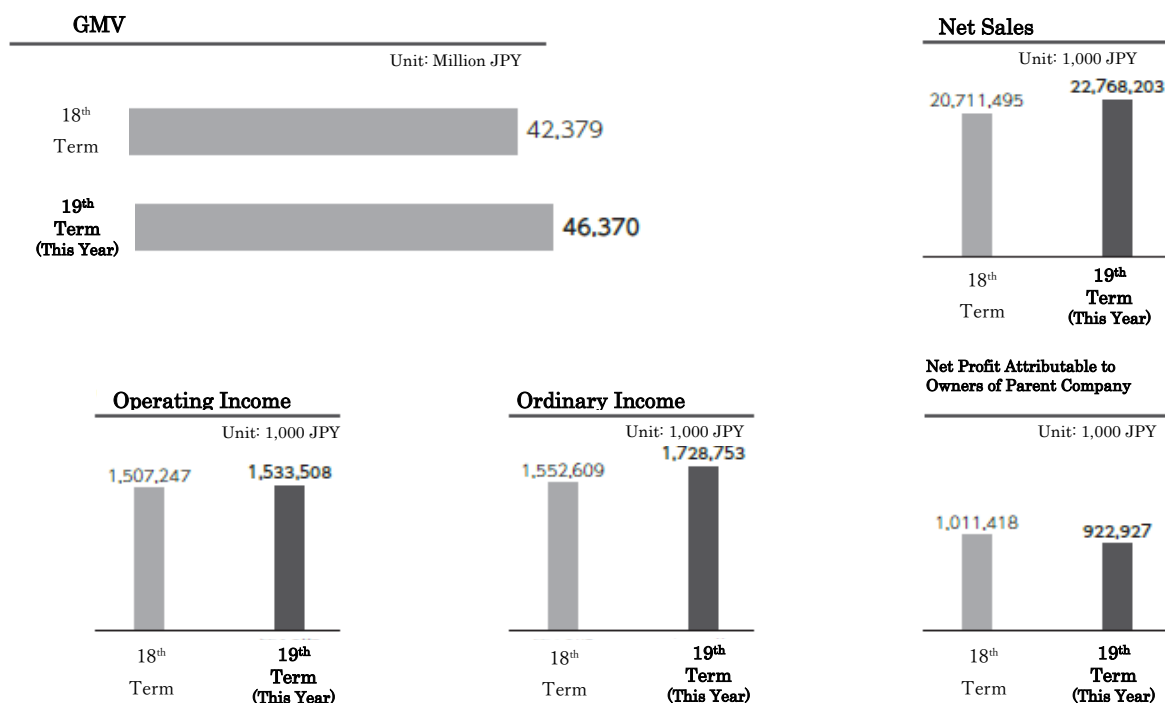
1. Status of the Corporate Group

(1) Business Performance Report

The BEENOS Group aims to become the “Global Platform Frontier” by breaking new ground in IT and internet based markets and businesses. This year we focused to expand our current businesses and discover new business opportunities within the following topics: “Vertical Architecture,” “Product Arbitrage” and “Cross Border BtoB.” We have also sold our founding online shopping business, netprice, Ltd., from the Retailing and Licensing Business and acquired the liquor mediation business, Teikokushuhan Co. Ltd., to fortify the Value Cycle Business in FY2018.

As a result, the consolidated net sales were 22,768 Million JPY (+9.9% from FY2017), the operating income was 1,533 Million JPY (+1.7% from FY2017), the ordinary income was 1,728 Million JPY (+11.3% from FY2017) and the net profit attributable to owners of the parent company was 922 Million JPY (-8.7% from FY2017).

The consolidated GMV for the fiscal year was 46.3 Billion JPY (+9.4% from FY2017).



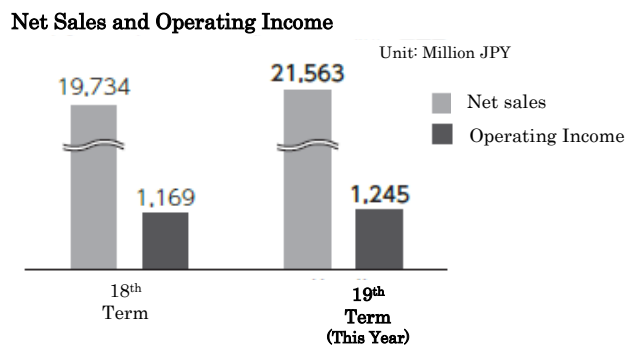
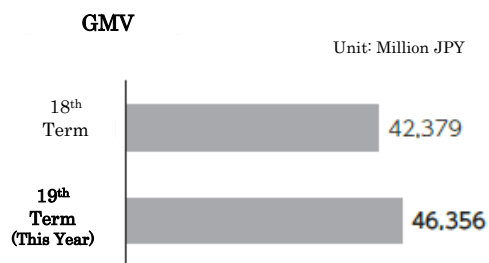
The achievements of each business segment are as follows.

i E-Commerce Business

Net Sales 21,563 Million JPY/Operating Income 1,245 Million JPY

For the E-Commerce Business as a whole this fiscal year, the consolidated net sales were 21,563 Million JPY (+9.3% from FY2017) and the operating income was 1,245 Million JPY (+6.5% from FY2017) .

E-Commerce Business



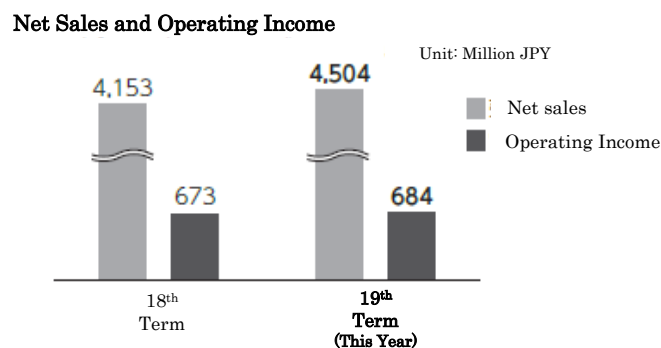
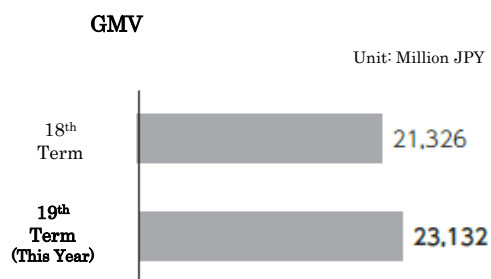
Cross Border Business

The Cross Border Business's Overseas Forwarding and Proxy Purchasing Business (From Japan) has increased its net sales by collaborating with domestic EC stores and foreign web media outlets. It has also taken measures to increase user satisfaction by implementing chat-based customer service and releasing a mobile app. In September 2018 it has further increased its focus on Taiwan by beginning a Taiwan-Japan Cross Border EC collaboration with Taiwan's "Yahoo Kimo Auction" and Japan's "Yahoo Auction." Furthermore, measures to increase revenue such as the deceneration of warehouses and customer support offices led to an increase operating income.

The Global Shopping Business (To Japan) released its fixed shipping module, strengthened its SEO measures and fortified its affiliation with media outlets to gather new users which led to an increase in net sales. It has also invested its resources in reforming its system structure.

As a result, the consolidated net sales were 4,504 Million JPY (+8.5% from FY2017) and the operating income was 684 Million JPY (+1.7% from FY2017).

Cross Border Business



Value Cycle Business

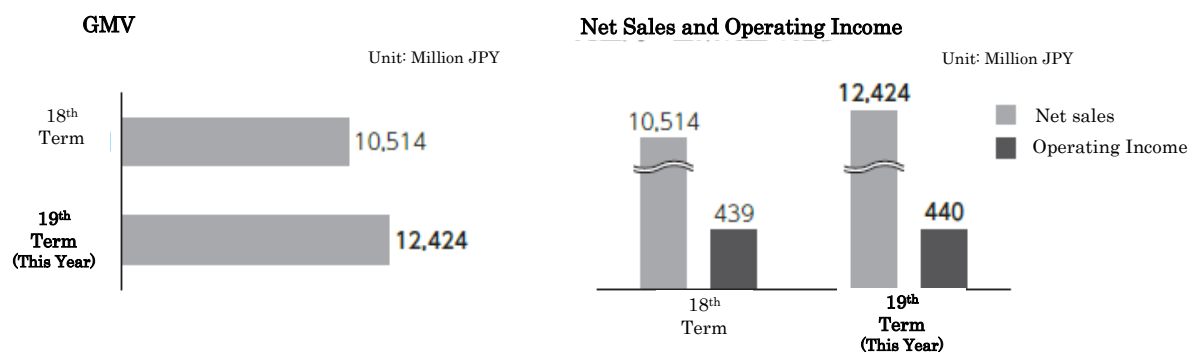
The Value Cycle Business's Apparel Reuse Business on the purchasing side launched the official "Brandear" app for smart phones along with running television advertisements. It also increased usability by starting a small package delivery kit and running a campaign to appraise the merchandise on the day of arrival. As for purchased products, unit price and total amount purchased increased as it focused on targeting higher valued items. On the vending side, it has focused on its more profitable in-house sales channel "Brandear Auction" and released an official E-Commerce app "Brandear Market" where users can purchase items with a set price which makes the purchasing process easier for users.

The Liquor Mediation Business, Teikokushuhan Co. Ltd., was acquired by BEENOS as of 1 March 2018 (included in BEENOS consolidated records as of the end of March 2018). It has made efforts in reforming its marketing strategy, improving its gross profit margin by designating categories to focus on and reorganizing its management structure to increase profit margins. Its net sales and operating income are included starting this 3rd quarter.

Teikokushuhan Co. Ltd. has changed its company name to JOYLAB, inc. as of 1 October 2018.

As a result, the consolidated net sales were 12,424 Million JPY (+18.2% from FY2017) and the operating income was 440 Million JPY (+0.3% from FY2017).

Value Cycle Business



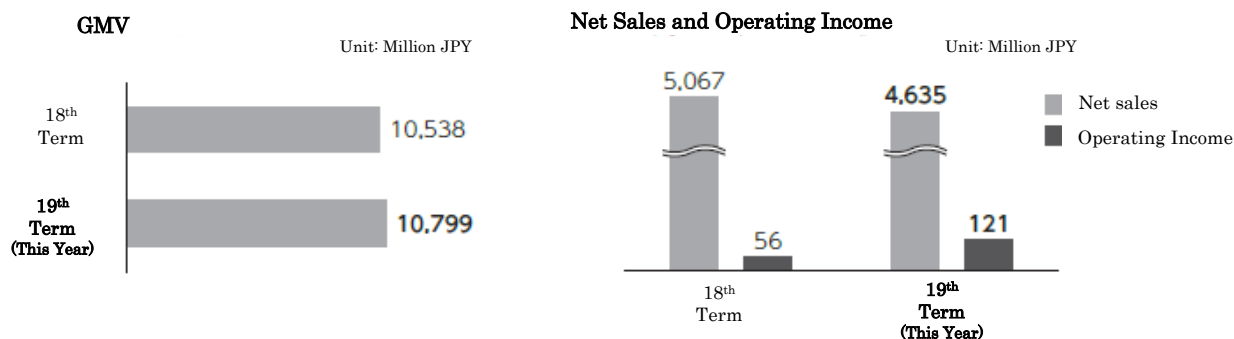
Retailing and Licensing Business

The Retailing and Licensing Business has increased its inventory of items on its EC site in its Entertainment Business to meet the demands of fans who want products before out of stock, who want to avoid long cue, and to those who are unable to attend event venues. Increasing the ratio of sales to the EC side has also resulted in lower costs which fortified its profit structure. It has also conducted collaboration projects with the artist it holds a master license with, and its interior goods company, SWATi inc., has made efforts in increasing its brand awareness and product lineup by investing in the development of new products and opening a new store.

As released on 1 November 2017, netprice, Ltd. shares have been transferred and has been removed from BEENOS consolidated records as of 1 December.

As a result, the consolidated net sales were 4,635 Million JPY (-8.5% from FY2017) and the operating income was 121 Million JPY (+112.5% from FY2017).

Retailing and Licensing Business



ii Incubation Business

Net sales 1,206 Million JPY/Operating Income 788 Million JPY

The Incubation Business has continued to invest in businesses in general online marketplaces and online payments in prominent emerging countries as well as startups in Japan focusing on the inbound consumer market.

As for current investments, we have booked 1,026 Million JPY in sales from operating investment securities in FY2018. We continue to collect the profits from current businesses that are growing while evaluating our operational investment securities on a quarterly basis and list any appraisal losses as cost of sales.

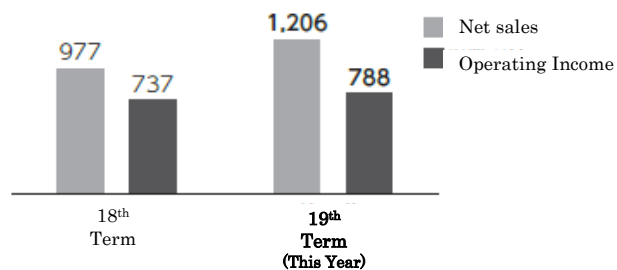
The Start-up Business sector founded BeeCruise Inc., a subsidiary specializing in the development of new businesses to serve as a catalyst for the growth of existing subsidiaries.

As a result, the consolidated net sales were 1,206 Million JPY (+23.4% from FY2017) and the operating income was 788 Million JPY (+6.8% from FY2017).

Incubation Business

Net sales and Operating Income

Unit: Million JPY



The following is the breakdown of the net sales by business segment.

Segment	(Previous Fiscal Year) 18 th Term (September 2017)	(Current Fiscal Year) 19 th Term (September 2018)	Year on Year	
	Amount (Unit: 1,000 JPY)	Amount (Unit: 1,000 JPY)	Amount (Unit: 1,000 JPY)	% Change
E-Commerce Business	19,734,619	21,563,947	1,829,327	9.3%
Cross Border	4,153,108	4,504,103	350,994	8.5%
Value Cycle	10,514,280	12,424,329	1,910,049	18.2%
Retailing and Licensing	5,067,230	4,635,514	△431,716	△8.5%
Incubation Business	977,799	1,206,337	228,537	23.4%
Corporate/Counterbalance	△923	△2,081	△1,157	—
Total	20,711,495	22,768,203	2,056,707	9.9%

(2) Status of equipment investment

The corporate Group spent 274 Million JPY this consolidated fiscal year in equipment investments for the system development (business expansion and system enhancement) in the expansion of facilities (business expansion) in Value Cycle Business.

(3) Status funding

Not applicable

(4) Status of business transfer, absorption-type split and incorporation-type split

Not applicable

(5) Status of handed business from other companies

Not applicable

(6) Status of succession of rights and obligations related to the business of other companies by absorption-type merger or absorption-type split

Not applicable

(7) Status of the acquisition or disposal of shares and other equity or stock acquisition rights of other companies

Not applicable

(8) Potential Risks

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.

Our business strategies to become the Global Platform Frontier are as follows.

The items listed have been made by the group at the time of the distribution of this notification.

(1) Creating new value in the Cross Border field

① Product Arbitrage

We will create a new type of value in data where we use AI technology to calculate and compare the price difference of specific products listed globally. We call this “Product Arbitrage” and will proceed to implement these types of new values.

② Vertical Framework

We provide a platform where consumers can buy various long tail items in Japan from across the globe. We aim to create a platform by product category to tailor its usability to its specific needs to better serve the consumers. We call this “Vertical Framework” and hope to create multiple platforms.

③ Connect with Foreign Marketplaces

We have started a new cross border EC service that connects a Taiwanese internet auction service to Japan’s internet auction service this year. We have cultivated a network of online marketplaces in Southeast Asia and India and hope to use it to create synergy between their marketplaces and Japan’s marketplace to create a new channel of distribution.

(2) Expand into Domestic Subculture Regions

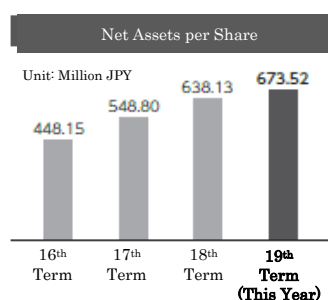
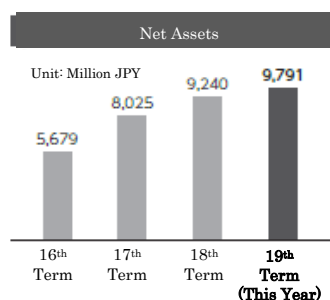
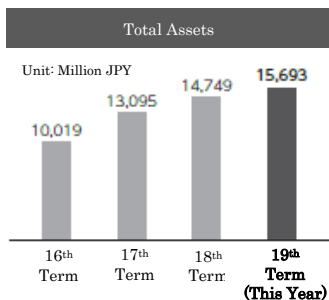
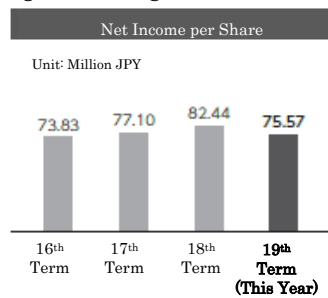
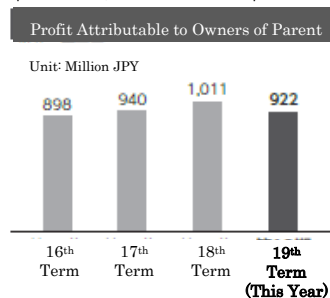
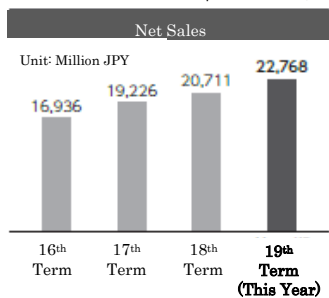
We provide a platform where consumers can buy great Japanese products from across the globe. Japan also prides itself in subculture contents which has received high praises worldwide. We will utilize our networks we have made since we have been producing products to find new products to produce and to sell them globally via our platform.

(9) Financial position and profits and losses

① Financial position and profits and losses of the corporate group

Classification	16 th Term (September 2015)	17 th Term (September 2016)	18 th Term (September 2017)	(Current Fiscal Year) 19 th Term (September 2018)
Net Sales (1,000 JPY)	16,936,004	19,226,513	20,711,495	22,768,203
Net Income (△Net Losses) (1,000 JPY)	898,339	940,578	1,011,418	922,927
Net Income per Share (△Net Losses per Share) (1,000 JPY)	73.83	77.10	82.44	75.57
Total Assets (1,000 JPY)	10,019,023	13,095,158	14,749,714	15,693,720
Net Assets (1,000 JPY)	5,679,499	8,025,608	9,240,103	9,791,048
Net Assets per Share (1,000 JPY)	448.15	548.80	638.13	673.52

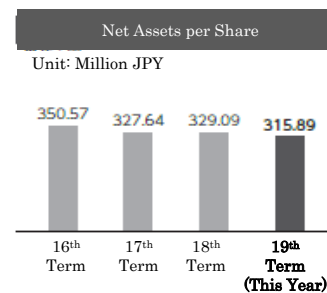
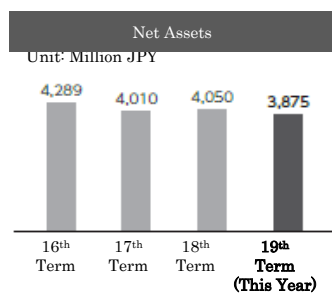
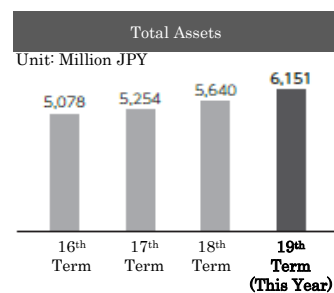
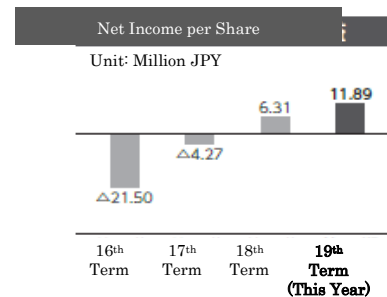
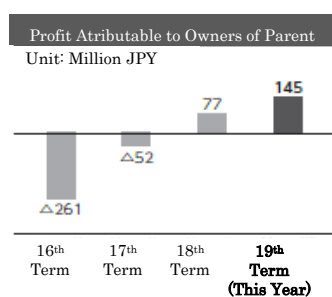
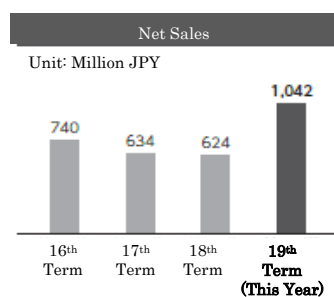
Note: 1. Net Income per Share (△Net Losses per Share) is calculated upon the annual average outstanding total shares



② Financial position and profits and losses of the company

Classification		16 th Term (September 2015)	17 th Term (September 2016)	18 th Term (September 2017)	(Current Fiscal Year) 19 th Term (September 2018)
Net Sales	(1,000 JPY)	740,061	634,091	624,947	1,042,038
Net Income (△Net Losses)	(1,000 JPY)	△261,550	△52,133	77,363	145,210
Net Income per Share (△Net Losses per Share)	(JPY)	△21.50	△4.27	6.31	11.89
Total Assets	(1,000 JPY)	5,078,415	5,254,315	5,640,229	6,151,260
Total Assets	(1,000 JPY)	4,289,665	4,010,883	4,050,669	3,875,403
Net Assets per Share	(JPY)	350.57	327.64	329.09	315.89

Note: 1. Net Income per Share (△Net Losses per Share) is calculated upon the annual average outstanding total shares



(10) Main business segment of the corporate Group (as of 30 September 2018)

Segment		Business Description
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	Producing and Licensing Business Entertainment Business
Incubation		Investment and Consultation Business Pre-Monetized Start-up Business

(11) Status of Main Subsidiaries

Company Name	Capital Funds or Investment Amount (Unit Currency)	Voter Holding Ratio	Business Description
tenso inc	100,000 (1,000 JPY)	100.0 %	Overseas Forwarding and Proxy Purchasing Business
TENSO UK LTD	8,000 (1 GBP)	100.0 % (100.0) %	Overseas Forwarding and Proxy Purchasing Business
TAIWAN TENSO. INC	5,580 (1,000 TWD)	100.0 % (100.0) %	Overseas Forwarding and Proxy Purchasing Business
Shop Airlines, Ltd	100,000 (1,000 JPY)	100.0 %	Global Shopping Business
Shop Airlines Japan	10,000 (1,000 JPY)	100.0 % (100.0) %	Global Shopping Business
Shop Airlines America, Inc.	2,200 (1,000 USD)	100.0 % (100.0) %	Global Shopping Business
Shop Airlines Europe B.V.	1,250 (1,000 EUR)	100.0 % (100.0) %	Global Shopping Business
Defactostandard, Ltd.	1,209,422 (1,000 JPY)	57.2 %	Apparel Reuse Business
Teikokushuhan Co. Ltd. (Currently JOYLAB, inc)	10,000 (1,000 JPY)	100.0 %	Liquor Mediation Business
monosense, Ltd.	30,000 (1,000 JPY)	100.0 %	Producing and Licensing Business
SWATi inc.	18,000 (1,000 JPY)	100.0 % (100.0) %	Producing and Licensing Business
BEENOS Partners	10,000 (1,000 JPY)	100.0 %	Investment and Consultation Business
BEENOS Asia P te. L td.	10,800 (1,000 USD)	100.0 %	Investment and Consultation Business
BeeCruise Inc.	50,000 (1,000 JPY)	100.0 %	Development of new Business

Note: The ratio inside the parentheses signifies the indirect holding ratio

(12) Main offices (as of 30 September 2018)

① BEENOS office

Name	Location
BEENOS Inc.	Shinagawa, Tokyo

② Subsidiary Offices

Name	Location
t e n s o, inc.	Shinagawa, Tokyo
TENSO UK LTD	Haslemere, Surrey, England
TAIWAN TENSU, INC.	Taipei, Taiwan
Shop Airlines, Ltd.	Shinagawa, Tokyo
Shop Airlines Japan	Shinagawa, Tokyo
Shop Airlines America, Inc	San Jose, California, USA
Shop Airlines Europe B.V.	Amsterdam, the Netherlands
Defactostandard, Ltd	Ota, Tokyo
Teikokushuhan Co. Ltd. (Currently JOYLAB, inc)	Chuo, Osaka
monosense, Ltd	Shinagawa, Tokyo
SWATi inc.	Chuo, Tokyo
BEENOS Partners	Shinagawa, Tokyo
BEENOS Asia Pte Ltd.	Republic of Singapore
BeeCruise Inc.	Shinagawa, Tokyo

(13) Status of Employees (as of September 2018)

① Status of employees for the corporate group

Segment		Employees	Fluctuation from previous fiscal year
E-Commerce	Cross Border	140 (80)	△ 1 (△65)
	Value Cycle	78 (384)	23 (△41)
	Retailing and Licensing	37 (9)	△38 (△14)
Incubation		14 (3)	12 (3)
Corporate		35 (3)	8 (△1)
Total		304 (479)	4 (△118)

Note:1. Employees include working employees. Temporary employees are listed in parentheses and are calculated on an 8 hour/day average.

2. Employees listed under Corporate are administrative staff working in departments and on tasks that encompass the entire group

② Status of employees of the company

Gender	Employees	Fluctuation from previous fiscal year	Average Age	Average length of service
Male	18 (—)	5 (—)	35.1	2.8 Years
Female	17 (3)	3 (—)	35.0	4.0 Years
Total/Average	35 (3)	8 (—)	35.1	3.4 Years

Note: Employees include working employees. Temporary employees are listed in parentheses and are calculated on an 8 hour/day average.

(14) Status of Main Lenders (as of 30 September 2018)

Lender	Lending Amount (Unit: 1,000 JPY)
Mizuho Bank, Ltd.	684,200
Sumitomo Mitsui Banking Corporations	550,000
MUFG Bank, Ltd.	200,000
The Keiyo Bank, Ltd.	200,000

(15) Other important items relevant to the corporate group
Not applicable

2. Status of Shares (30 September 2018)

(1) Total Authorized Shares	45,000,000
(2) Total Issued Shares	12,332,600 (Including 129,678 Treasury Shares)
(3) Number of Shareholders	4,420
(4) Main Shareholders (Top 10)	

Shareholder's Name	Number of Shares	Stock Holding Rate
Teruhide Sato	2,241,300	18.37%
Japan Trustee Services Bank, Ltd.	1,271,000	10.42%
Digital Garage, Inc.	827,000	6.78%
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS MILM FE	644,000	5.28%
Nomura Securities Co., Ltd	631,733	5.18%
MSCO CUSTOMER SECURITIES	418,001	3.43%
GOLDMAN, SACHS & CO.REG	364,172	2.98%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	328,615	2.69%
Morgan Stanley MUFG Securities Co., Ltd.	314,379	2.58%
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	291,766	2.39%

Note: The treasury shares are not counted in the stock holding ratio.

3. Status of Stock Acquisition Rights

(1) Status of Stock Acquisition Rights held by BEENOS Group Directors issued as a remuneration for discharge of duties (as of 30 September 2018)

Not applicable

(2) Status of Stock Acquisition Rights issued to employees of BEENOS, directors and employee of subsidiary as a remuneration for discharge of duties in this fiscal year

The detail of 11th New Stock Acquisition Rights (free stock options) issued to directors and employees of BEENOS group which resolved at the board of directors held in 15 March 2018

	11 th New Stock Acquisition Rights	
Date of Resolution	15 March 2018	
Classification	Employees of BEENOS	Directors and Employees of subsidiary
Number of Share Acquisition Rights	138	506
Number of Shares to be Issued	13,800	50,600
Type of Shares to be Issued	Common Shares	
Issuance Price per Acquisition Right	None	
Exercising Price per Right Execution	1,737 JPY	
Exercise Period	1 April 2020~ 14 March 2028	
Number of Holders	26	104

(3) Other important information of New Stock Acquisition Rights

The detail of 10th New Stock Acquisition Rights (stock options) issued to directors and employees of BEENOS group which resolved at the board of directors held in 15 March 2018

	10 th New Stock Acquisition Rights
Date of Resolution	15 March 2018
Classification	Directors, Employees, Directors and Employees of subsidiary
Number of Holders	12
Number of Share Acquisition Rights	6,600
Number of Shares to be Issued	660,000
Type of Shares to be Issued	Common Shares
Issuance Price per Acquisition Right	Priced
Exercising Price per Right Execution	1,706 JPY
Exercise Period	1 January 2020 ~ 31 March 2028

Note: Conditions for exercising stock acquisition rights

- ① New stock acquisition right holder can exercise his rights if the modified ordinary income (Ordinary Income – the Income/Losses of the Incubation Business) between FY2019 and FY2015 exceeds the amount listed in (a) or (b). He can exercise his rights to the extent of the ratio mandated (“exercising ratio”) on the 1st of the month after the submission of the Annual Securities Report. All figures of the acquisition rights less than 1 will be rounded down.
 - (a) Exercising ratio: 50% if the modified ordinary income exceeds 1.8 Billion JPY
 - (b) Exercising ratio: 100% if the modified ordinary income exceeds 2.3 Billion JPY
- ② New stock acquisition right holder cannot exercise his rights if the modified ordinary income between FY2019 and FY2025 does not exceed 500 Million JPY unless (a) or (b) in ① are met before the day of the submission of the Annual Securities Report.
- ③ The decision for the modified ordinary income listed in ① and ② will be based on the ordinary income listed in the consolidated profit & loss statement (if there is no consolidated profit & loss statement, then the profit & loss statement) and the ordinary income listed in the segment profit & loss statement of the segment information on the Annual Securities Report. If the standard for consolidated ordinary income or segment profit & loss are significantly changed for any reason including the change of accounting standards, then the company will calculate a fair and logical alternative indicator that will be determined in the board of directors meeting.
- ④ The new stock acquisition right holder cannot exercise his right if, from the allocated date to the end of the exercising period, the average ending stock price (including estimates) over a period of 5 trading days (excluding days with no ending stock price, the appropriate amount will be calculated and approved in a board of directors meeting) falls below 50% of the exercising price even once (rounding up to the nearest yen) unless condition ① has already been met beforehand.
- ⑤ The new stock acquisition right holder must belong to the company or subsidiary as a Director, Auditor, or Employee when exercising the Stock Option. This condition shall not apply if the board of director’s term had expired, retired or any other legitimate reason as established in a board of directors meeting.
- ⑥ The heirs of the new stock acquisition right holder cannot exercise the stock option.
- ⑦ If the total number of issued shares will exceed the number of authorized shares due to the exercise of Stock Options, the Stock Options cannot be exercised.
- ⑧ Rights holders may not exercise a stock acquisition right of less than one unit.

4. Status of Company Directors

(1) Status of directors (as of 30 September 2018)

Position in Company	Name	Status of significant concurrent positions
President	Shota Naoi	Group CEO President and CEO, tenso, inc. President and CEO, BeeCruise Inc.
Vice President	Koji Nakamura	Group CFO Director, Defactostandard, Ltd. President and CEO, Teikokushuhan Co. Ltd. (current JOYLAB, inc.) President and CEO, BEENOS Partners, Inc.
Director	Taku Takeuchi	CEO, Shop Airlines, Ltd. President and CEO, Shop Airlines Japan, Ltd. President and CEO, Shop Airlines America, Inc. President and CEO, Shop Airlines Europe B.V.
Director	Kenichi Sento	President and CEO, monosense, Ltd. President and CEO, SWATi inc.
Director (Full-time Audit & Supervisory Committee Member)	Yasukazu Joho	Auditor, Defactostandard, Ltd.
Director (Audit & Supervisory Committee Member)	Kibo Kondo	CEO, Zeon Consulting Co., Ltd.
Director (Audit & Supervisory Committee Member)	Yoshindo Takahashi	Adviser, Executive Partners Inc. Auditor, Ceres inc.

- Notes: 1. Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi are external directors.
2. BEENOS has registered external directors Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi to the Tokyo Stock Exchange as independent officers.
3. BEENOS has elected Yasukazu Joho as Full-time Audit & Supervisory Committee member to improve information gathering, strengthening the managing and auditing capabilities of the committees and closely cooperate with the internal control division.
4. Audit & Supervisory Committee member Kibo Kondo is a certified public accountant and have considerable knowledge for financing and accounting.
5. BEENOS has made a contract agreement in accordance with Article 427 Section 1 of the Companies Act with Yasukazu Joho, Kibo Kondo and Yoshindo Takahashi in regards to the limit of liability for damages as stated in Article 423 Section 1 of the Companies Act. The amount limit for the liability of damages is set at the minimum responsibility amount as legally established.

(2) Total amount of remuneration paid to Directors

Title	Number of People	Amount (Unit: 1,000 JPY)	Notes
Director (Excluding Audit & Supervisory Committee Members)	4	103,346	The remuneration amount for Directors (excluding Audit & Supervisory Committee members) was set within 200 Million JPY and within 50 Million JPY for Directors (Audit & Supervisory Committee members) as ratified during the 16th Annual Meeting of Shareholders (held on 10 December 2015).
Directors (Audit & Supervisory Committee Members) (External Directors)	3 (3)	19,200 (19,200)	
Total (External Directors)	7 (3)	122,546 (19,200)	

- Notes: 1. The remuneration amount includes the 25.0 Million JPY recorded for provision for directors' bonuses.
2. Aside from the amount listed above, 5 Directors and Auditors have received a total of 56.63 Million JPY in remuneration from subsidiaries.
3. The remuneration amount for directors (excluding Audit & Supervisory Committee members) was set within 200 Million JPY as ratified during the General Meeting held on 10 December 2015. Apart from this, the remuneration for restricted stock for Audit & Supervisory Committee members was set within 120 Million JPY as ratified during the 17th General Meeting held on 15 December 2016.
4. The remuneration amount for Auditors was set within 50 Million JPY as ratified during the General Meeting held on 10 December 2015.

(3) Items on external officers

① Relationship between the Company and companies where External Officers hold significant concurrent positions

Director (Full-time Audit & Supervisory Committee Member)	Yasukazu Joho	Auditor, Defactostandard, Ltd.
Director (Audit & Supervisory Committee Member)	Kibo Kondo	CEO, Zeon Consulting Co., Ltd.
Director (Audit & Supervisory Committee Member)	Yoshindo Takahashi	Adviser, Executive Partners Inc. Auditor, Ceres inc.

Note: Defactostandard, Ltd., a company which External Director Yasukazu Joho holds concurrent position, is the Company's consolidated subsidiary.

② Principle Activities in this fiscal year

Attendance in Board Meetings and Audit & Supervisory Committee Meetings

Position	Name	Board Meeting Attendance	Audit & Supervisory Committee Meeting Attendance	Activities
External Director (Full-time Audit & Supervisory Committee Member)	Yasukazu Joho	13 of 13	12 of 12	Offered advice and asked questions from a financial standpoint
External Director (Audit & Supervisory Committee Member)	Kibo Kondo	13 of 13	12 of 12	Offered advice and asked questions from a technical perspective as a certified accountant to ensure appropriate decision-making in board meetings
	Yoshindo Takahashi	13 of 13	12 of 12	Offered advice and asked questions from a corporate management standpoint

5. Accounting Auditors

(1) Name of Accounting Auditors Grant Thornton Taiyo LLC

Note: Our Accounting Auditors YUSEI Audit & Co. has merged with Grant Thornton Taiyo LLC on 2 July 2018 and changed its name to Grant Thornton Taiyo LLC.

(2) Remuneration for the Accounting Auditors

	Value (Unit: 1,000 JPY)
Amount for remuneration for this fiscal year	27,000
Total amount of cash and other economic benefits to be paid by the Company and consolidated subsidiaries	39,500

Note: 1. The total remuneration amount for the fiscal year is listed as the contract between BEENOS and the auditor and is not made to feasibly calculate the difference between the auditing under the Companies Act and the auditing under the Financial Instruments and Exchange Act
2. BEENOS subsidiary BEENOS Asia Pte. Ltd. is being audited by other auditing firm.

(3) Audit & Supervisory Committee Agree Accounting Auditors Remuneration

Audit & Supervisory Committee agreed to the remuneration of the accounting auditors as stipulated in Article 399 Section 1 of the Companies Act, after receiving necessary materials from applicable divisions within the company and accounting auditors, confirming existing reports of the auditor's previous achievements and remunerations, and confirming whether the estimates for this fiscal year were reasonable

(4) Decision-making policy of dismissal or non-reappointment of Independent Auditor

The Independent Auditor may be dismissed by the Audit & Supervisory Committee with unanimity of Audit & Supervisory Committee Members when the Independent Auditor corresponds to any of Article 340, Section 1 of the Companies Act. In this case, the Audit & Supervisory Committee will report the information including the reason if the dismissal of the Auditor at the ensuing Annual Meeting.

Furthermore, the Audit & Supervisory Committee will view the Independent Auditor's overall performance and will propose to the Annual Meeting the dismissal or non-reappointment of the Auditor if it deems necessary.

6. Overview of system to ensure appropriateness of the operations

The Board of Directors has resolved on the following systems to ensure that the framework for working operations coincide with the law and its articles of incorporation and that the framework and operations for the Company and its subsidiaries are appropriate.

- (1) The framework to secure appropriate working operations that coincide with the law and the articles of incorporation for the directors and employees of the Company and its subsidiaries

The directors and employees of the Company and its subsidiaries will work in accordance to the “Compliance Rules” with high moral ethics and a good conscience and will behave responsibly and comply with social norms as they strictly follow the law, articles of incorporation and corporate rules. Furthermore, it will form a Compliance Committee that will maintain an internal reporting system for any persons violating any laws, articles of incorporation or corporate rules.

- (2) The framework to eliminate any antisocial forces

The Company and its subsidiaries will sever all deals and support with antisocial forces, will not succumb to any undue claims by antisocial forces, maintain an infrastructure at an administrative level to collectively administer against any interference, damages, mental or physical abuse from antisocial forces and cooperate with the police and other relevant agencies to take a firm stance as an organization against such forces.

- (3) Items to store and administer the execution of duties of the Company’s directors

In order to store and administer the execution of duties of the Company’s directors, the administrative section shall take charge in recording, in writing or electronically, all applicable execution of duties and saving and administrating it for the applicable period of time in accordance with the “Document Handling Rules”.

The Company’s director will be able to see the recordings at any time and the officer in charge must quickly respond to the director’s request.

- (4) The regulations and framework to administer to any losses or danger to the Company or its subsidiaries

The risk management infrastructure for the Company and its subsidiaries will be done under the “Risk Management Rules” overseen by the Director in charge of the administrative section. The Business Process Re-engineering Department will foresee and assess specific risks to create a speedy and appropriate reporting process and emergency plan, and report all matters regarding risk management regularly to the Board of Directors.

In the case an unexpected incident occurs, a task force will be created with the CEO at the helm and a resolution will be made immediately along with a plan to prevent repeated incidents.

Furthermore, subsidiaries will also comply with company rules and regulations to avert any losses or danger and adopt policies into their respective circumstances.

(5) The framework for directors and employees to execute duties efficiently

The Board of Directors will create a corporate-wide plan and each appropriate director will create specific measurable goals and action plans for each segment to accomplish those goals. Progress on key indicators will be reported on a weekly basis while budgets will be updated monthly.

The Board of Directors will meet on a monthly basis to report on business progress and monthly closing, take care of any items regarding the execution of duties of the directors and decide on any important matters for the execution of operations.

The Company will create appropriate committees under the “Administrative Authority Rules” to facilitate the decisions of decisive matters.

The Company will place a director and auditor at each subsidiary to secure efficiency of work execution. They will also monitor the monthly progress of the Company and its subsidiaries of its annual budget and mid to long term plan. They will receive reports on other important information regarding each subsidiary.

(6) The framework to secure appropriate work for the Corporate Group within the Company and its subsidiaries

The company will place a director and auditor at each subsidiary to monitor execution of duties.

The Related Company Administration Department will gather the administration of each subsidiary and will work under the “Related Company Administration Rules” to receive reports beforehand so to be able to bring any appropriate agenda items to the Board Meeting. The Process Re-engineering Department will internally checkup on the subsidiaries for risk management and legal compliance under the “Internal Auditing Rules”.

(7) Framework to secure the reliability of financial reports

The Company will create an internal control system to secure the reliability of financial reports and create an internal control report as determined by the Financial Instruments and Exchange Act. The Process Re-engineering Department will periodically evaluate the system so to secure its validity with the Financial Instruments and Exchange Act and other related laws.

(8) Items regarding employees to aid the work of the Audit & Supervisory Committee (hereby known as “Aid Employees”) as well as items to keep Aid Employees independent from the Company’s directors (excluding the Audit & Supervisory Committee) and items to secure a workable system to designate Aid Employees

The Audit & Supervisory Committee can arrange for a specific Aid Employee to assist in the work of the Committee and the Company will council with the Committee to select the Aid Employee.

The Aid Employee will not receive any direction from directors (excluding the Audit & Supervisory Committee) and employees. If the Aid Employee is transferred or evaluated, they will hear and respect the decision of the Audit & Supervisory Committee.

- (9) The framework for the Company and its subsidiaries' directors and employees to report to the Audit & Supervisory Committee

The Full-time Audit & Supervisory Committee Member will attend all Board of Director's meetings and other important meetings and will see all final documents as well as related materials. If the Company or its subsidiaries' director or employee commits a grave crime or greatly damages the Company or its subsidiary, the Audit & Supervisory Committee Member will immediately report it to the Audit & Supervisory Committee and can request a report from the director or employee if necessary. The Full-time Audit & Supervisory Committee Member will also serve as an auditor for a main subsidiary to further authenticate the reporting process of the director, other auditors and employees of said subsidiary. The Full-time Audit & Supervisory Committee Member will report on a monthly basis to the Audit & Supervisory Committee.

The Company and its subsidiaries will not improperly handle anybody who files such a report and will report it throughout to the directors and employees of the Company and its subsidiaries.

- (10) The framework to secure an effective audit for the Audit & Supervisory Committee

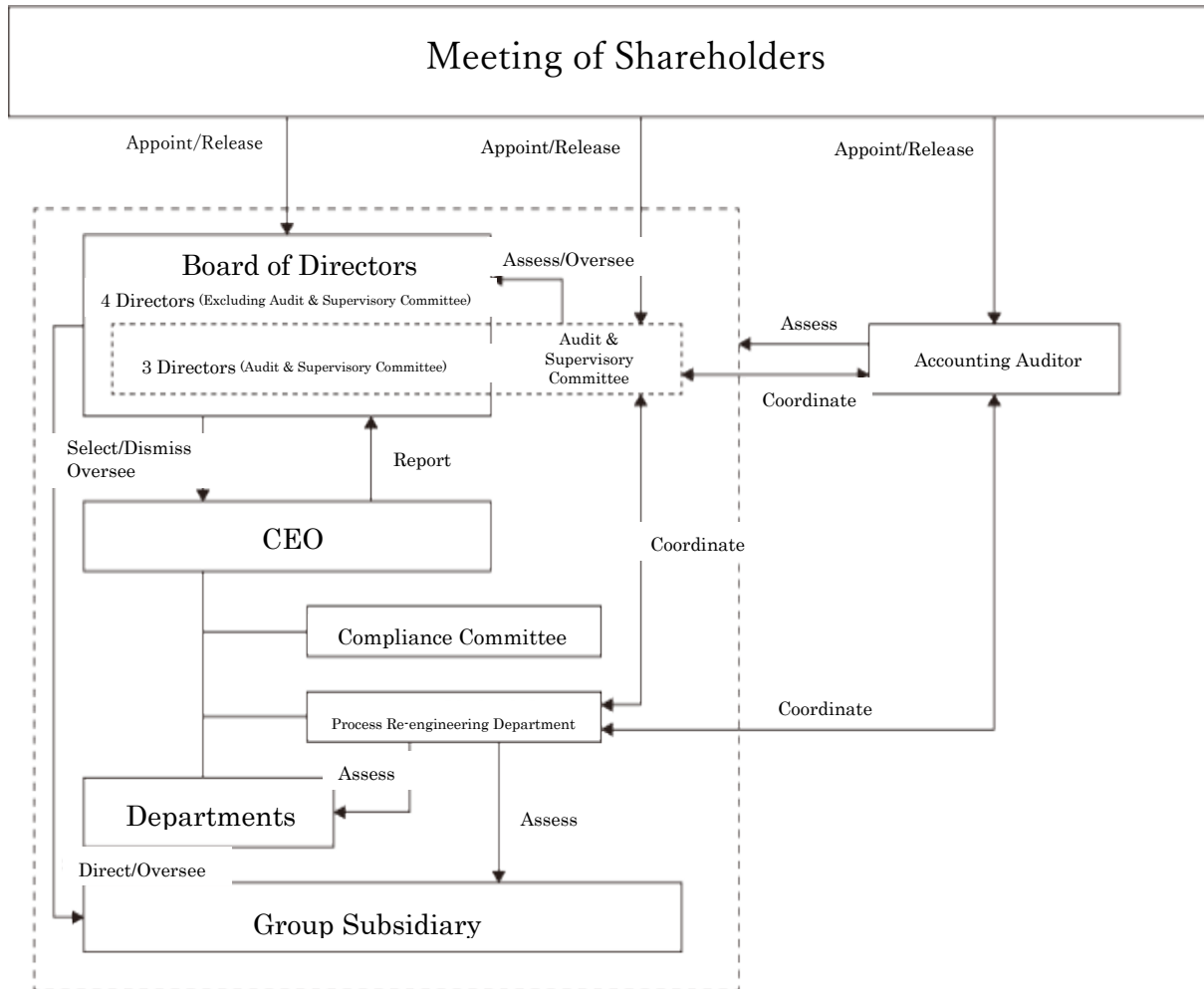
The Board of Directors will not refuse the attendance of an Audit & Supervisory Committee member to an important company meeting to ensure that the Audit & Supervisory Committee member can be readily available to receive reports from a director or employee to effectively understand the decision-making process and working status of the Company. The Audit & Supervisory Committee member will cooperate closely with the financial auditor and the Process Re-engineering Department and exchange information regularly and will exchange information with the legal advisor if necessary.

- (11) Items that will need to be paid in advance for Audit & Supervisory Committee members for the execution of duties or reimbursement procedures for expenditures for the execution of duties or the policy for the processing of liabilities

The Company will quickly process any expenses or liabilities that are necessary for the Audit & Supervisory Committee member to execute duties upon reviewing it with the proper department under the condition that the department does not deem the expense or liability unnecessary.

Note: The Company refers "In-house regulations" as to "rules".

● Corporate Governance Image



The following is the overview of this year's operation status:

(1) About the Internal Auditing System

The Process Re-engineering Department has monitored the Internal Auditing System to clarify issues and improve or remedy them. Furthermore, we have conducted the "The evaluation of the effectivity of internal control for financial reporting" under the Financial Instruments and Exchange Act.

(2) About the Compliance Framework

We have conducted the Compliance Committee meeting (twice this Fiscal Year) for the purpose of examining and strengthening the legal compliance framework. We have identified and have formed and instigated countermeasures to compliance issues. We have also conducted training on compliance to all new employees upon employment and all executive officers in the Company and its subsidiaries.

(3) About the elimination of antisocial forces

We conducted a search on Nikkei Telecom for all articles related to the Company and its business connections under the "Antisocial force relation discontinuation rules". We have also conducted the same research for new connections prior to our involvement. Furthermore, we have included articles to eliminate relationships with antisocial forces in all binding documents.

(4) About the risk management framework

The Process Re-engineering Department, upon formulating an internal assessment plan, has projected specific risks within the Company and its subsidiaries and has reported it to the Board and confirmed the maintaining of countermeasures for said risks.

(5) About the corporate management of subsidiaries

Directors and the Full-time Audit & Supervisory Committee Member hold an additional post as director and auditor of each subsidiary and attends their respective Board meetings on a monthly basis to oversee the subsidiary directors' execution of duties. The Affiliate Administration division supervises the monthly progression of the budget as well as understand each company's business strategy and budget progression on a monthly basis by attending the monthly Company group meeting which every CEO of each subsidiary reports in.

(6) About the execution of duties for the directors

To secure the framework that directors are effectively executing their duties, a Board meeting was held on a monthly basis, along with interim Board meetings, totaling to 13 Board meetings this Fiscal Year. Monthly financial statements, business reports, the oversight of the work status of directors and other important business matters are discussed in monthly Board meetings.

(7) About the evaluation of effectiveness of the Board of Directors

We analyze and evaluate the effectiveness of the Board of Directors at the Board of Directors Meetings by taking surveys from all Directors including the External Audit & Supervisory Committee, taking the results of the discussions made by Audit & Supervisory Committee into considerations, and utilizing the results for improving its operation.

The discussion of the FY2018 confirmed that the Board of Directors has a sufficient system for supervising and is functioning effectively as it offered information for each item in advance and made sufficient discussion by exchanging opinion during the day.

(8) About the Audit & Supervisory Committee member

The Audit & Supervisory Committee member attends Board meetings and other important meetings to check on reports given by directors and monitor the contents and process by which business decisions are made.

The Audit & Supervisory Committee member receives assessment reports from the Process Re-engineering Department on a

regular basis and communicates with the Process Re-engineering Department on a day-to-day business to implement an effective assessment framework across the corporate Group.

7. Policy on the Determination of Dividends from Surplus

BEENOS holds its profit return policy in high regards to give back to shareholders by expanding its business foundation and progressing its financial ground. It does so by carefully reviewing its business performance and returns profits through dividends

Based on the aforementioned policy, the annual dividend will be determined comprehensively by taking the consolidated financial statements, improvement of financial conditions related to the single financial position, the internal reserves for the future business expansions, etc. into consideration.

Consolidated Balance Sheet (30 September 2018)

(Units: 1,000 JPY)

Account	Amount	Account	Amount
(Assets Section)		(Liabilities Section)	
Current Assets	13,426,795	Current Liabilities	5,692,326
Cash and Deposit	5,920,068	Account Payable	379,240
Account Receivable	812,851	Short-term Loan	1,634,200
Operational Investment Securities	2,896,984	Current Portion of Long-term Debt	8,880
Products	1,840,210	Accounts Payable – Other	2,339,416
Accounts Receivable - Other	1,016,021	Deposit Received	583,976
Deferred Tax Assets – Current	114,042	Income Taxes Payable	369,568
Other	843,394	Other	377,044
Allowance for Cancellation Loss	△16,779	Fixed Liabilities	210,345
Fixed Asset	2,266,925	Long-term Loan	19,380
Tangible Assets	459,323	Deferred Tax Debts – Non current	2,558
Buildings and Structures	603,914	Asset Retirement Obligation	188,407
Vehicles	9,512	Total Liabilities	5,902,672
Tools, Materials and Supplies	156,576	(Net Assets Section)	
Accumulated Depreciation	△310,679	Capital Stock	8,179,153
Intangible Assets	507,781	Capital Stock	2,775,840
Goodwill	351,469	Capital Surplus	2,701,215
Software	152,841	Retained Earnings	2,889,400
Other	3,471	Common Stock for Treasury	△187,303
Investments etc.	1,299,819	Accumulated Other Comprehensive Income	39,763
Investment Account Security	844,765	Valuation Difference on Available-for-sale Securities	△231,866
Deferred Tax Assets – Current	18,023	Exchange Conversion Adjustment Account	271,630
Other	437,030	Equity Warrant	21,406
		Minority Stockholder Equity Interest	1,550,724
		Net Assets Section	9,791,048
Total Assets	15,693,720	Total Liabilities	15,693,720

Note: Amounts Rounded down to the nearest thousand yen.

Consolidated Profit & Loss Statement (1 October 2017 – 30 September 2018)

(Units: 1,000 JPY)

Account	Amount	
Net Sales		22,768,203
Cost of Sales		10,876,993
Net sales		11,891,209
Selling, General and Administrative Expenses		10,357,700
Operating Income		1,533,508
Non-operating Income		
Interest Income	329	
Dividends Income	13,416	
Equity in Earnings of Affiliates	69,077	
Investment Partnership Gains	139,044	
Subsidy Income	26,445	
Other	15,583	263,897
Non-operating Expenses		
Income Expenses	15,228	
Exchange Loss	21,899	
Commission Fee	24,378	
Other	7,146	68,653
Ordinary Income		1,728,753
Extraordinary Income		
Gain on Sales of Subsidiaries and Affiliates	24,187	24,187
Extraordinary Losses		
Impairment Loss	41,558	41,558
Income Before Income Taxes		1,711,381
Income Taxes – Current	570,712	
Income Taxes – Deferred	92,857	663,570
Net Income		1,047,811
Profit Attributable to Non-Controlling Interests		124,884
Profit Attributable to Owners of Patent		922,927

Note: Amounts rounded down to the nearest thousand yen.

Consolidated Statements of Changes in Net Assets

(1 October 2017 – 30 September 2018)

(Units: 1,000 JPY)

	Shareholder's Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity Total
Balance on 1 October 2017	2,775,840	2,892,687	1,966,473	△53,767	7,581,233
Changes during Consolidated Fiscal Year					
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
Profit Attributable to Non-Controlling Interests		△25,719			△25,719
Net Changes of Items other than Shareholders' Equity					–
Total Changes during Consolidated Fiscal Year	–	△191,471	922,927	△133,535	597,919
Balance on 30 September 2018	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	Total Net Assets
	Valuation Differences on Available-for-sale Securities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income			
Balance on 1 October 2017	34,689	229,793	264,482	5,256	1,389,130	9,240,103
Changes during Consolidated Fiscal Year						
Issuance of New Shares						△159,833
Dividends from Surplus						922,927
Profit Attributable to Owners of Parent						△145,370
Disposal of Treasury Stock						5,916
Profit Attributable to Non-Controlling Interests						△25,719
Net Changes of Items other than Shareholder's Equity	△266,555	41,836	△224,719	16,149	161,594	△46,975
Total Changes during Consolidated Fiscal Year	△266,555	41,836	△224,719	16,149	161,594	550,944
Balance on 30 September 2018	△231,866	271,630	39,763	21,406	1,550,724	9,791,048

Note: Amounts rounded down to the nearest thousand.

Balance Sheet (30 September 2018)

(Units: 1,000 JPY)

Account	Amount	Account	Amount
(Assets Section)		(Liabilities Section)	
Current Assets	2,707,541	Current Liabilities	2,217,312
Cash and Deposit	605,607	Short-term Loan	1,634,200
Operational Investment Securities	1,037,960	Account Payable - Other	242,719
Prepaid Expenses	60,061	Accounts Payable to Affiliates	25,443
Accounts Receivable from Affiliates	234,533	Income Taxes Payable	212,313
Advances Paid Receivable from Affiliates	107,819	Deposit Received	39,088
Short-term Loans Receivable from Affiliates	634,200	Directors' Bonus Allowance	25,000
Deferred Tax Assets - Current	6,286	Shareholder Benefit Program Allowance	15,712
Other	21,072	Other	22,835
Fixed Assets	3,443,718	Fixed Liabilities	58,544
Tangible Assets	103,269	Asset Retirement Obligation	55,986
Buildings	210,424	Deferred Tax Debts - Non current	2,558
Tools, Materials and Supplies	46,929	Total Liabilities	2,275,856
Accumulated Depreciation	△154,085	(Net Assets Section)	
Intangible Assets	43,833	Capital Stock	3,850,023
Software	40,361	Capital Stock	2,775,840
Other	3,471	Capital Surplus	1,951,737
Investments etc.	3,296,616	Capital Reserve	498,261
Investment Account Securities	625,739	Other Capital Surplus	1,453,476
Shares of Affiliates	2,354,488	Earned Surplus	△690,251
Lease and Guarantee Deposits	137,047	Other Earned Surplus	△690,251
Insurance Reserve Fund	164,313	Retained Earnings Brought Forward	△690,251
Other	15,028	Common Stock for Treasury	△187,303
		Valuation and Translation Adjustments	4,714
		Valuation Differences on Available-for-sale Securities	4,714

		Equity Warrant	20,665
		Net Assets Section	3,875,403
Total Assets	6,151,260	Total Liabilities	6,151,260

Note: Amounts rounded down to the nearest thousand yen.

Profit & Loss Statement (1 October 2017 – 30 September 2018)

(Units: 1,000 JPY)

Account	Amount	
Operating Income		1,042,038
Operating Expenses		877,326
Total Operating Loss		164,712
Non-operating Income		
Interest Income	7,173	
Dividends Income	13,415	
Foreign Exchange Gains	87	
Commission Received	1,289	
Investment Partnership Gains	139,044	
Miscellaneous Income	396	161,407
Non-operating Expenses		
Income Expenses	12,902	
Commission Fee	1,017	
Miscellaneous Expenses	28	13,948
Ordinary Income		312,171
Extraordinary Income		
Gain on Sales of Subsidiaries and Affiliates	88,461	88,461
Extraordinary Losses		
Loss on valuation of stocks of subsidiaries and affiliates	70,128	70,128
Loss Before Income Taxes		330,504
Income Taxes - Current	119,315	
Income Taxes - Deferred	65,978	185,294
Net Income		145,210

Note: Amounts rounded down to the nearest thousand yen.

Statements of Changes in Net Assets (1 October 2017 – 30 September 2018)

(Units: 1,000 JPY)

	Shareholder's Equity							
	Capital Stock	Capital Surplus			Retained Earnings		Treasury Stock	Shareholder's Equity Total
		Capital Reserve	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings		
Balance on 1 October 2017	2,775,840	482,277	1,635,212	2,117,490	△835,461	△835,461	△53,767	4,004,101
Changes during Fiscal Year								
Dividends from Surplus		15,983	△175,816	△159,833				△159,833
Net Income					145,210	145,210		145,210
Purchase of Treasury Stock							△145,370	△145,370
Disposal of Treasury Stock			△5,918	△5,918			11,835	5,916
Net Changes of Items Other Than Shareholder's Equity								
Total Changes during Fiscal Year	—	15,983	△181,735	△165,752	145,210	145,210	△133,535	△154,077
Balance on 30 September 2018	2,775,840	498,261	1,453,476	1,951,737	△690,251	△690,251	△187,303	3,850,023

	Valuation, Translation Adjustments and Others		Subscription Rights to Shares	Total Net Assets
	Valuation Differences on Available-or-sales Securities	Exchange Conversion Adjustment Account		
Balance on 1 October 2017	42,052	42,052	4,515	4,050,669
Changes during Fiscal Year				
Issuance of New Shares				△159,833
Dividends from Surplus				145,210
Net Sales				△145,370
Disposal of Treasury Stock				5,916
Net Changes of Items other than Shareholder's Equity	△37,338	△37,338	16,149	△21,189
Total Changes during Fiscal Year	△37,338	△37,338	16,149	△175,266
Balance on 30 September 2018	4,714	4,714	20,665	3,875,403

Note: Amounts rounded down to the nearest thousand

Auditor's Report on Consolidated Financial Statements

Independent Auditor's Report

19 November 2018

To the Board of Directors of BEENOS Inc.

Grant Thornton Taiyo LLC

Designated
Limited Liability
Partner Certified
Executive Accountant Takefumi Sato ㊞
Member

Designated
Limited Liability
Partner Certified
Executive Accountant Shinichi Shinozuka ㊞
Member

We have audited the consolidated financial statements of BEENOS Inc. from 1 October 2017 to 30 September 2018 as of Article 444 Section 4 of the Companies Act, and the related consolidated balance sheet, consolidated profit & loss statement, consolidated statements of changes in net assets, and notes on consolidated financial statement.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principle generally accepted in Japan. This includes management to organize and operate necessary internal control in order to enable the preparation of consolidated financial statements that are free from material misstatements due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BEENOS Inc. and its consolidated subsidiaries and the consolidated results of their operations and their financial statement in accordance with accounting principles generally accepted in Japan.

Vested Interest

There is no vested interest between the Company and the audit or its executive member to be listed as stipulated in the Certified Public Accountants Act.

-End-

Auditor's Report

Independent Auditor's Report

19 November 2018

To the Board of Directors of BEENOS Inc.

Grant Thornton Taiyo LLC

Designated
Limited Liability
Member Executive
Member
Certified Accountant Takefumi Sato ㊞

Designated
Limited Liability
Member Executive
Member
Certified Accountant Shinichi Shinozuka ㊞

We have audited the financial statements of BEENOS Inc. from 1 October 2017 to 30 September 2018, the 19th fiscal year, as of Article 436 Section 2 Subsection 1 of the Companies Act, and the related balance sheet, profit & loss statement, statement of changes in net assets, notes on financial statement and supplementary statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and supplementary statement in accordance with accounting principle generally accepted in Japan. This includes management to organize and operate necessary internal control in order to enable the preparation of financial statements and the detailed statements thereof that are free from material misstatements due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and supplementary statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and its detailed statements thereof are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and supplementary statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and supplementary statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and supplementary statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and supplementary statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and supplementary statement referred to above present fairly, in all material respects, the consolidated financial position of BEENOS Inc. and its consolidated subsidiaries and the results of their operations and their financial statement in accordance with

accounting principles generally accepted in Japan.

Vested Interest

There is no vested interest between the Company and the audit or its managing member to be listed as stipulated in the Certified Public Accountants Act.

-End-

Audit & Supervisory Committee's Report

Auditor's Report

We have audited Directors' performance of duties from 1 October 2017 to 30 September 2018, the 19th fiscal year. The method and result are as follows.

1. Audit Method

The Audit & Supervisory Committee audited the corporate resolution stated in Article 399 Section 13 Subsection 1 “□” and “△” and the system (internal control system) organized by the corresponding resolution by receiving reports from Directors and employees on a regular basis. We have also implemented the audit by requested for further explanations when necessary, offered opinions, and by the following method.

- ① We attended important meetings with the internal control section following the Audit & Supervisory Committee Standard, supervisory policy and each section's responsibility. We received reports from Directors and employees regarding their duties executions, requested for further details when necessary, perused important approval documents and investigated financial status of the headquarter and important offices. We received business reports from the subsidiaries and attempted to communicate and exchange information with their Directors, Auditors, etc.
- ② We supervised and examined whether the Auditors maintain their independent status for appropriate audit execution. We received reports from the Auditors regarding their performance of duties and asked for detailed explanations when necessary. We received notice from the Auditors that the “System to assure appropriate business performance” (stipulated in each section of Article 131 of the Rules of Corporate Accounting) is well-prepared and is following “Quality management standard for the audit” (28 October 2005 Company Accounting Council) . We requested for detailed explanation when necessary.

In accordance with the aforementioned mentioned methods, we evaluated the business report and the supplementary statement, the financial statements (balance sheet, profit & loss statement, statements of changes in net assets and individual notes) and the supplementary statement, and the consolidated financial statements (consolidated balance sheet, consolidated profit & loss statement, statements of changes in net assets and individual notes) and the supplementary statement of this fiscal year.

2. Result

(1) Result of Business Reports

1. We confirm that the business report and the supplementary statement represent the company's status in accordance with the law and the articles of incorporation.
2. We do not recognize any serious facts about acts of dishonesty regarding Director's execution of duties or violation of law/articles of incorporation.
3. We confirm that the resolution of the Board of Directors regarding the internal control system is appropriate. Furthermore, there is nothing about business report and directors' execution of duties to be pointed out.

(2) Audit Result of Financial Statements and Supplementary Statement

We confirm that the audit method and result of Grant Thornton Taiyo LLC are appropriate.

(3) Audit Result of the Consolidated Financial Statements

We confirm that the method and result of Grant Thornton Taiyo LLC are appropriate.

22 November 2018

BEENOS, Inc. Audit & Supervisory Committee

Full-time Audit & Supervisory Committee	Yasukazu Joho	Ⓔ
Audit & Supervisory Committee	Kibo Kondo	Ⓔ
Audit & Supervisory Committee	Yoshindo Takahashi	Ⓔ

Note: Full-time Audit & Supervisory Committee member Yasukazu Joho, Audit & Supervisory Committee members Kibo Kondo and Yoshindo Takahashi are external directors specified in the Article 2 Subsection 15 and Article 331 Section 6.

-End-