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May 15, 2020

Company name: MarketEnterprise Co., Ltd.
Representative: Yasushi Kobayashi, President, CEO
Securities code: 3135, Tokyo Stock Exchange Mothers
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Notice of Establishment of New Company and Acquisition of Business

MarketEnterprise Co., Ltd. established UMM Co., Ltd. (“UMM” hereinafter) on April 24, 2020. Following its establishment, UMM signed a contract with Agristage Corporation (“Agristage” hereinafter) for the acquisition of its business of the JUM All Japan Used Machine Market (“JUM” hereinafter), an Internet-based used agricultural equipment market.

Although the timely disclosure standards do not apply to this acquisition, MarketEnterprise has made this announcement voluntarily because this information is deemed useful for shareholders and other investors.

1. Reasons for new establishment and business acquisition

The MarketEnterprise Group has the goal of becoming an “optimized trading company” capable of giving customers the best choices that reflect the increasingly diverse range of purchasing behavior and the growing interest in “smart consumption.” The group operates three businesses in order to accomplish this goal: buying and selling second-hand goods through the Internet, a media business, and a mobile & telecommunications business.

The second-hand online business goes beyond the conventional concept of reuse in order to buy and sell a diverse array of used items in order to meet customers' needs. The purchasing request and consultation contact center of this business receives more than 40,000 calls every month about buying used items. In recent years, the number of calls about buying used agricultural equipment has been increasing. To meet this need, MarketEnterprise started buying and selling used agricultural equipment in January 2017 and this business category has been growing consistently since then.

JUM, which is being acquired, is one of the largest specialized marketplaces in Japan, already boasting a total of 698 member companies – most of which are agricultural equipment shops – as well as 4,574 farmer members. JUM has a rich track record, having handled more than 18,000 transactions since launching operations in 2007. By providing a new Internet-based trading system to the used agricultural equipment distribution market, JUM energized the buying and selling of used agricultural equipment and brought about major changes in the market.

This business acquisition will enable us to expand our sales channels for used agricultural equipment, which we have been focusing on as a strategic product since 2017; promote “smart consumption” in the used agricultural equipment market as well; and increase the speed at which the scale of our businesses is expanding.

For these reasons, the decision to acquire this business was made because the management of MarketEnterprise believes this business will speed up the growth of the MarketEnterprise Group and make the group even more competitive.

Furthermore, as announced in our “Notice of Establishment of New Company and Acquisition of Business” on April 28, 2020, we have established another new company, ME Trading Co., Ltd. Through this company, we are in the process of

acquiring purchasing, domestic sales, exporting, and other related businesses from Oho Trading Corp., one of the largest used agricultural equipment trading companies in Japan and boasting a track record of overseas sales in 80 countries. It is our aim to expand our business and provide even more added value to our customers by maximizing the business synergy between these two companies.

“UMM” is an acronym for “Used Machine Market” We named it with the hope that it would become the marketplace for providing quality used agricultural equipment in Japan to both the domestic and foreign markets.

2. Overview of UMM

(1)	Company name	UMM Co., Ltd.	
(2)	Location	3-6-18 Kyobashi, Chuo-ku, Tokyo	
(3)	Representative	Yasushi Kobayashi, President, CEO	
(4)	Business	Planning and management of marketplace for used items, focusing on agricultural equipment	
(5)	Capital	30 million yen	
(6)	Establishment	April 24, 2020	
(7)	Shareholder	MarketEnterprise Co., Ltd. 100%	
(8)	Fiscal year-end	End of June	
(9)	Relationship between MarketEnterprise and UMM	Capital Relationship	Wholly owned by MarketEnterprise
		Personnel Relationships	Two directors, one Audit & Supervisory Board member and one employee of MarketEnterprise serve concurrently as directors and an Audit & Supervisory Board member of UMM
		Business Relationship	Not applicable

3. Overview of Agristage

(1)	Company name	Agristage Corporation	
(2)	Location	1008-1, Sata, Meiwa-cho, Taki-gun, Mie prefecture	
(3)	Representative	Haruo Nakayama, President	
(4)	Business	Businesses pertaining to Internet site management and advertising Sales, repair, rental, and leasing of agricultural equipment	
(5)	Capital	3 million yen	
(6)	Establishment	March 12, 2007	
(7)	Net Assets	Not disclosed due to the wishes of Agristage	
(8)	Total Assets	Not disclosed due to the wishes of Agristage	
(9)	Shareholder	Haruo Nakayama 100%	
(10)	Fiscal year-end	End of August	
(11)	Relationship between MarketEnterprise and Agristage	Capital Relationship	Not applicable
		Personnel Relationships	Not applicable
		Business Relationship	Not applicable

4. Outline of business acquisition

(1) Business operations to be acquired

All business activities involving the “JUM All Japan Used Machine Market” an Internet-based agricultural equipment market of Agristage, the company selling this business to UMM

(2) Results of operations of business to be acquired

Not disclosed in accordance with an agreement between MarketEnterprise and Agristage

(3) Assets and liabilities of business and amount to be acquired

Not disclosed in accordance with an agreement between MarketEnterprise and Agristage

(4) Acquisition price and payment method

Not disclosed in accordance with an agreement between MarketEnterprise and Agristage

5. Schedule

(1) Establishment of UMM April 24, 2020

(2) Contract signing May 14, 2020

(3) Date of acquisition May 15, 2020

6. Summary of accounting method

MarketEnterprise believes this transaction is an “acquisition” in accordance with the Accounting Standard for Business Combinations. MarketEnterprise is currently calculating the amount of goodwill resulting from the use of this accounting method.

7. Outlook

The effect of this acquisition on the results of operations is insignificant.