



# Results of Operations for the First Quarter of the Fiscal Year Ending June 30, 2021

November 12, 2020



MarketEnterprise Co., Ltd.



Securities code : 3135

# Agenda

- **1Q FY6/21 Performance Overview**
- **FY6/21 Business Climate**

# Agenda

- **1Q FY6/21 Performance Overview**
- FY6/21 Business Climate

## Executive Summary

First quarter sales were higher and operating profit was lower than one year earlier  
There were a number of good and bad points in each business regarding first quarter performance

<b>Second-hand online</b>	<i>Good</i> : <b>3</b>	<i>Bad</i> : <b>0</b>	
<b>Media</b>	<i>Good</i> : <b>1</b>	<i>Bad</i> : <b>1</b>	<b>Neutral</b> : <b>1</b>
<b>Mobile &amp; Telecommunications</b>	<i>Good</i> : <b>1</b>	<i>Bad</i> : <b>1</b>	

No change in the forecasts

We are continuing to use ranges for the sales and earnings forecasts  
because of uncertainty about market conditions

# Consolidated Statement of Income

## Sales up but operating profit down

(Million yen)	1Q FY6/20	1Q FY6/21	YoY change	
			Amount	%
Net sales	2,598	2,870	+272	+10.5%
Gross profit	1,003	1,103	+99	+9.9%
SG&A expenses	832	939	+106	+12.8%
SG&A expense ratio	32.0%	32.7%	—	+0.7pt
Operating profit	171	163	▲7	▲4.2%
Operating profit to net sales	6.6%	5.7%	—	▲0.9pt

## Consolidated Balance Sheet

Receivables increased rapidly at the end of FY6/20 and payments for these receivables were received during the first quarter

(Million yen)	As of Jun. 30, 2020	As of Sep. 30, 2020	Change	Main factors
<b>Current assets</b>	<b>3,068</b>	<b>2,795</b>	<b>▲273</b>	
Cash and deposits	1,255	1,563	+307	Due to the increase in collection of receivables posted in the 4Q FY6/20
Accounts receivable-trade	1,283	702	▲581	Mainly because of the collection of receivables
Merchandise	404	400	▲4	No change because of increases in merchandise sales and purchases
<b>Non-current assets</b>	<b>954</b>	<b>951</b>	<b>▲2</b>	
Property, plant and equipment	359	378	+19	
Intangible assets	313	294	▲19	
Investments and other assets	281	278	▲2	
<b>Total assets</b>	<b>4,023</b>	<b>3,746</b>	<b>▲276</b>	
Accounts payable-trade	370	321	▲49	Due to the payment of payables posted in the 4Q
<b>Borrowings</b>	<b>1,324</b>	<b>1,208</b>	<b>▲116</b>	
<b>Other</b>	<b>702</b>	<b>488</b>	<b>▲214</b>	
<b>Total liabilities</b>	<b>2,397</b>	<b>2,017</b>	<b>▲380</b>	
<b>Net assets</b>	<b>1,625</b>	<b>1,729</b>	<b>+104</b>	Due to the increase in retained earnings

# Business Segment Performance

## Results by Business Segment

**Second-hand online profit increased because of higher profitability; profit was down in the other two segments due to a one-time increase in demand one year earlier**

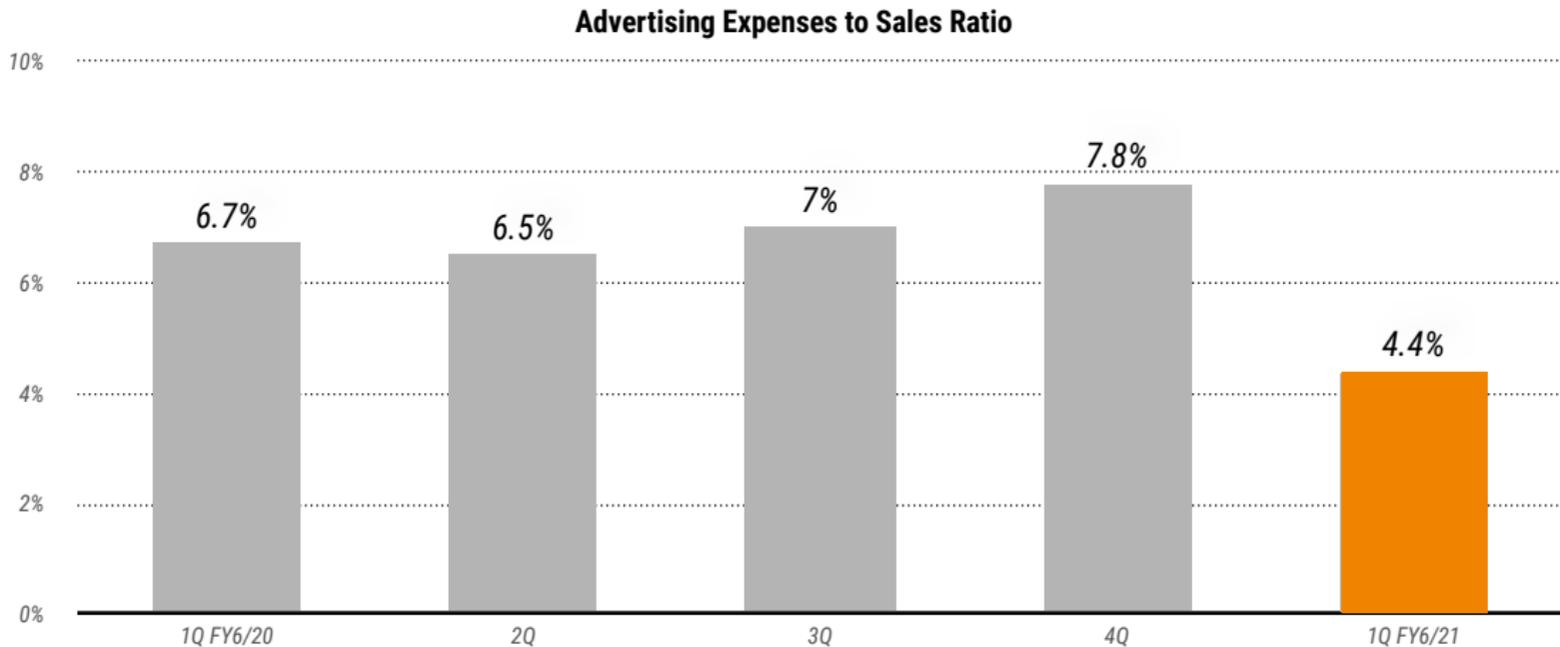
(Million yen)	1Q FY6/20 (A)	1Q FY6/21 (B)	B - A	B/A
Net sales	2,598	2,870	+272	+ 10.5%
Second-hand online	1,698	1,665	▲33	▲1.9%
Media	141	169	+28	+19.9%
Mobile & Telecommunications	844	1,086	+241	+28.6%
Elimination for inter-segment transactions	▲86	▲51	—	—
Segment profit	171	163	▲7	▲4.2%
Second-hand online	166	228	+ 62	+36.9%
Media	101	95	▲6	▲5.7%
Mobile & Telecommunications	83	75	▲8	▲9.7%
Adjustment	▲180	▲235	▲55	—
Segment profit to net sales	6.6%	5.7%	▲0.9pt	—
Second-hand online	9.8%	13.7%	+3.9pt	—
Media	71.7%	56.4%	▲15.3pt	—
Mobile & Telecommunications	9.9%	7.0%	▲3.0pt	—

## Second-hand Online Business

*Good : 3    Bad : 0*

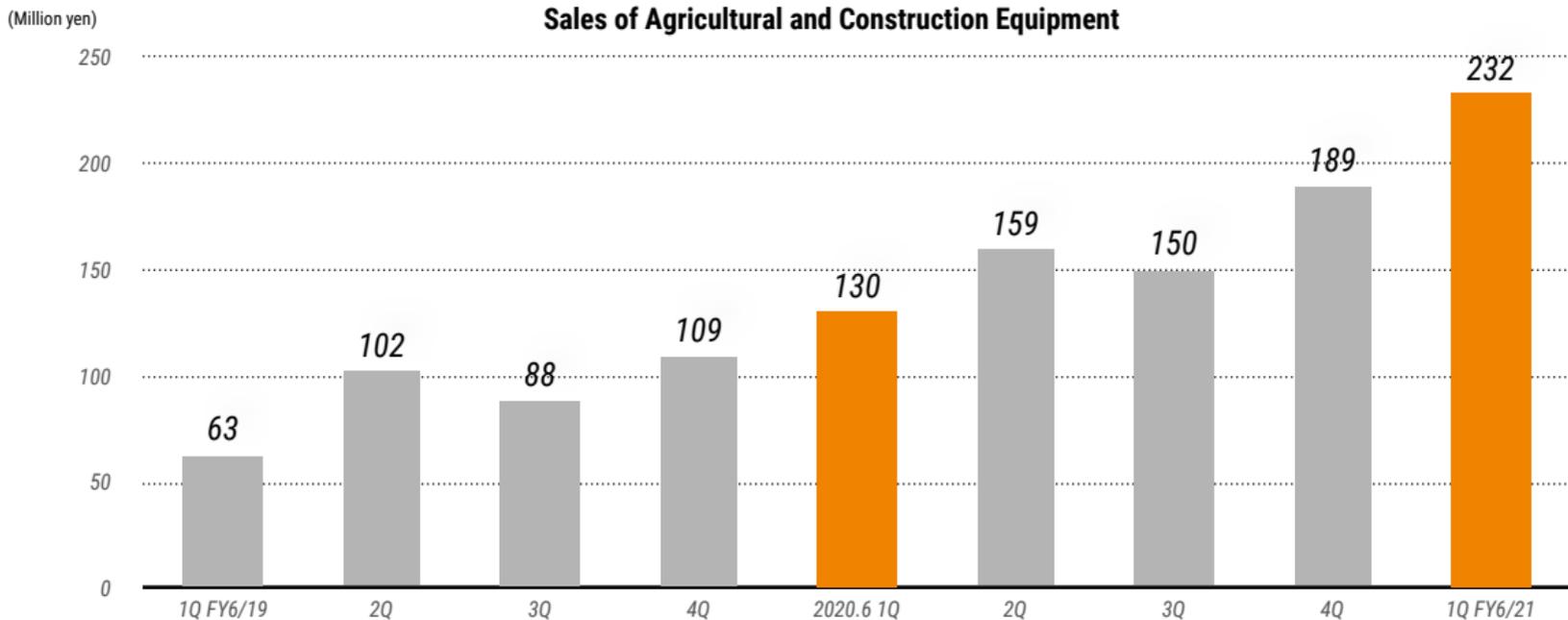
## Good ① Efficient use of advertising expenses

Almost no change in sales despite a decrease of about 35% in advertising expenses  
The big decline in these expenses as a pct. of sales contributed to earnings growth



## Good ② Agricultural equipment sales continue to grow rapidly

Consistently strong sales growth of used agricultural equipment; 1Q sales up 73% from one year earlier  
Growth is backed by very strong demand in Japan and rising cross-border e-commerce sales

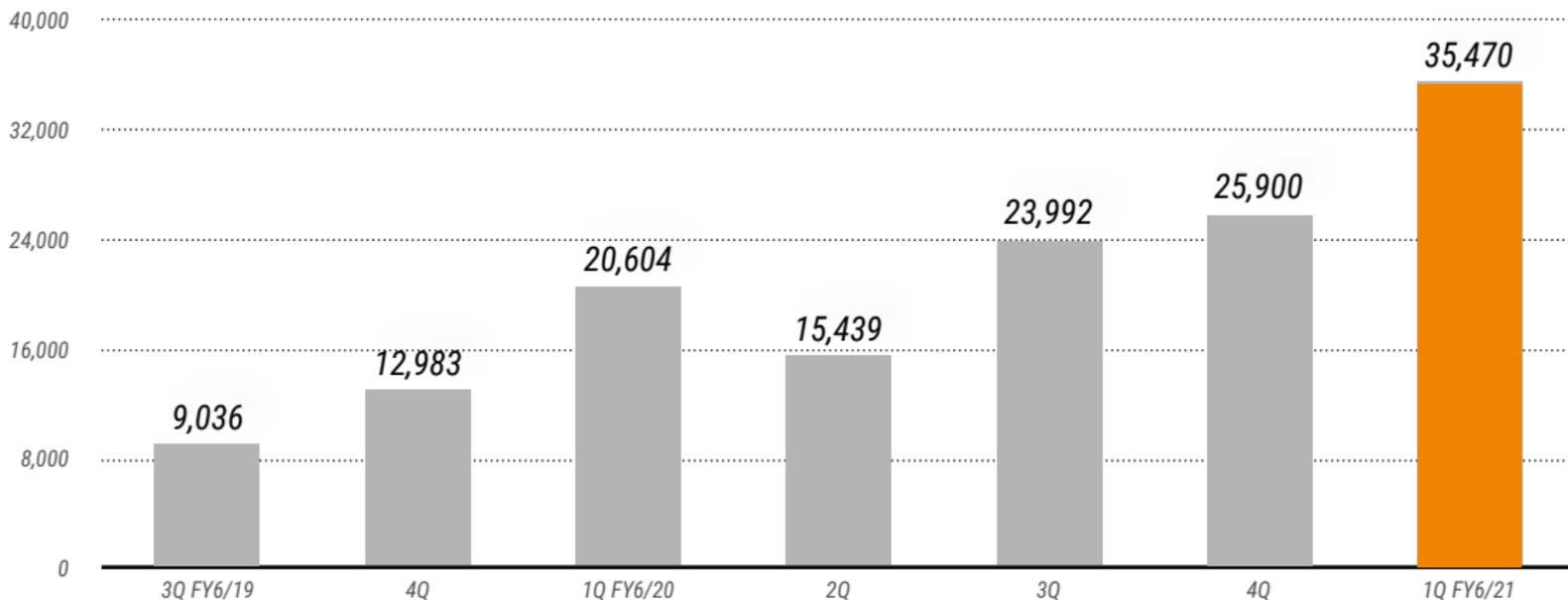


## Good ③ Start of significant increase in requests to Oikura

Requests to purchase reuse items are climbing after the July 2020 full-scale start of the alliance with takakureru.com

Requests Using the Internet to Oikura for Purchasing Reuse Items

(Number of requests)



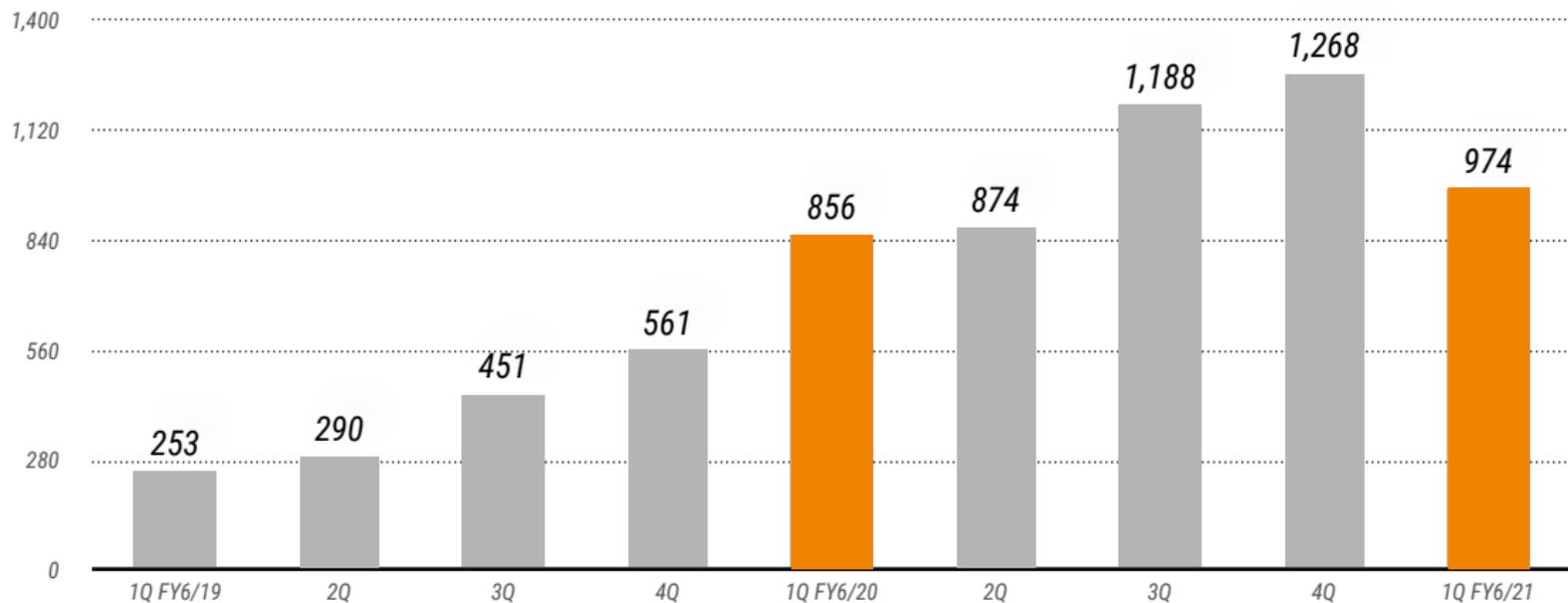
## Media Business

*Good* : 1    *Bad* : 1    **Neutral** : 1

## *Bad* Average monthly page views down from the previous quarter

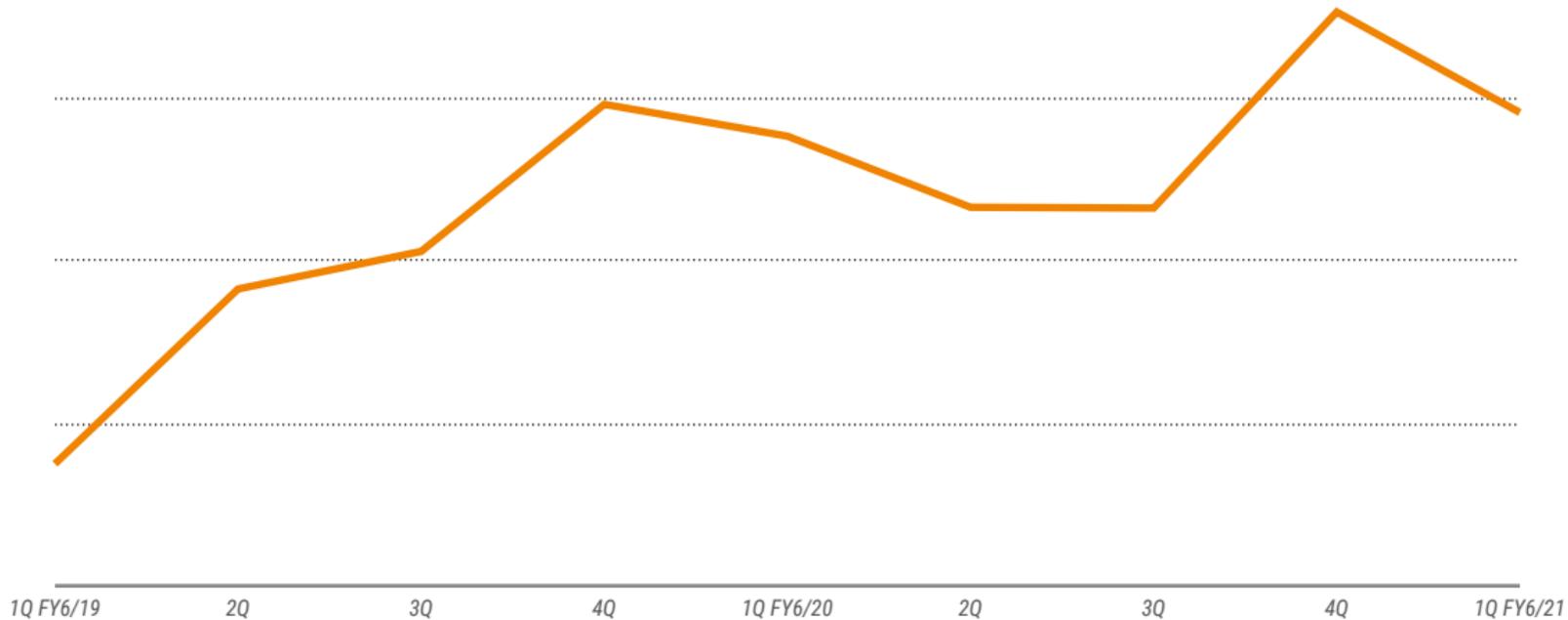
The first quarter downturn was the result of the Google core update and a one-time contribution to demand in the previous quarter, but there was a double-digit increase from one year earlier

(10,000 page views)



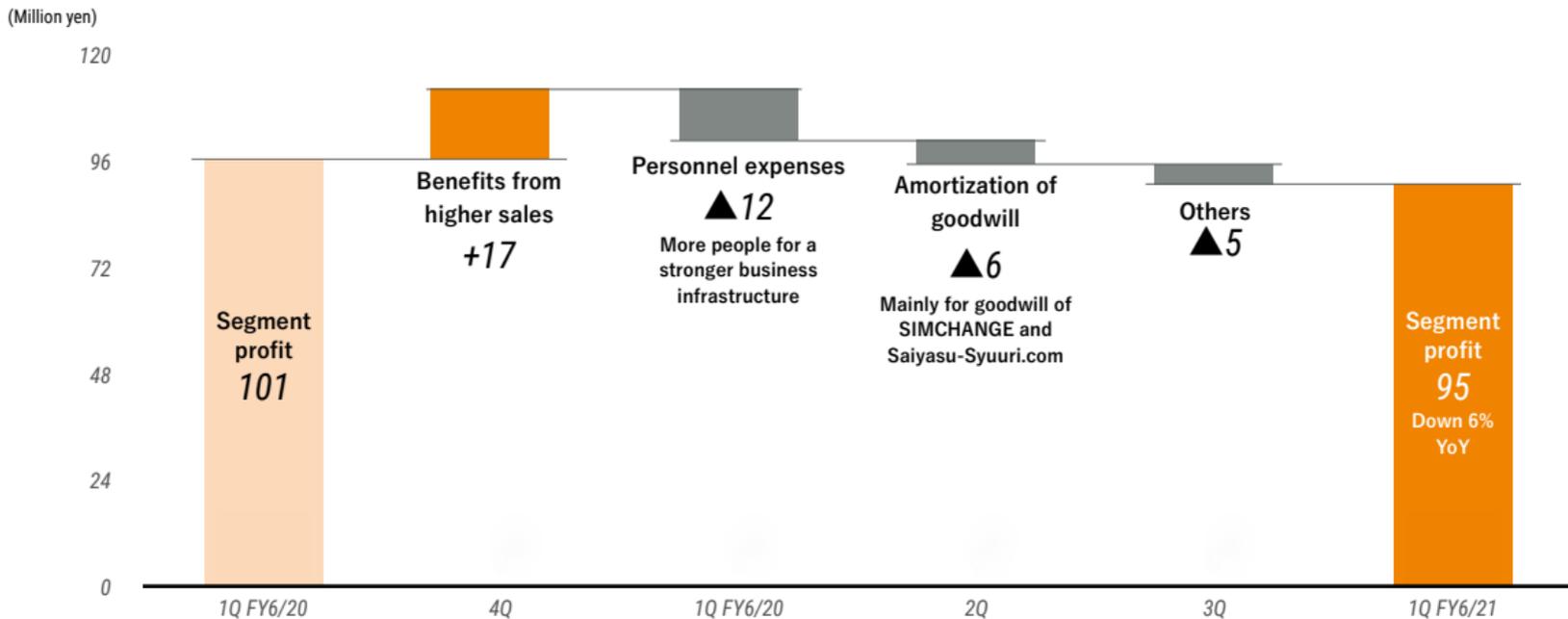
## Good Consistently high income per page view

Page view income is supported by media involving hobbies and the growth of sales granted by directing people to other companies' website



# Neutral Segment profit down because of higher fixed expenses

Workforce growth to strengthen business operations and an increase in goodwill amortization caused earnings to decline

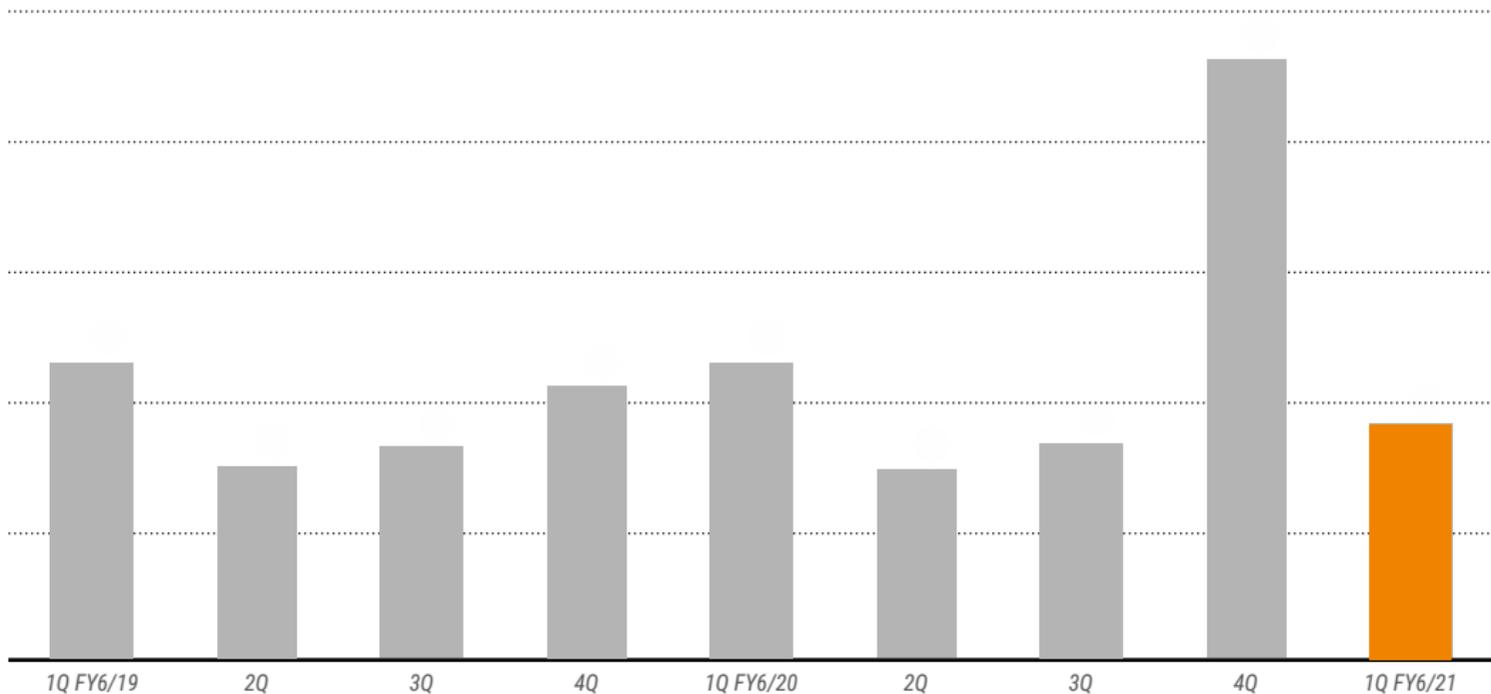


# Mobile & Telecommunications Business

*Good : 1    Bad : 1*

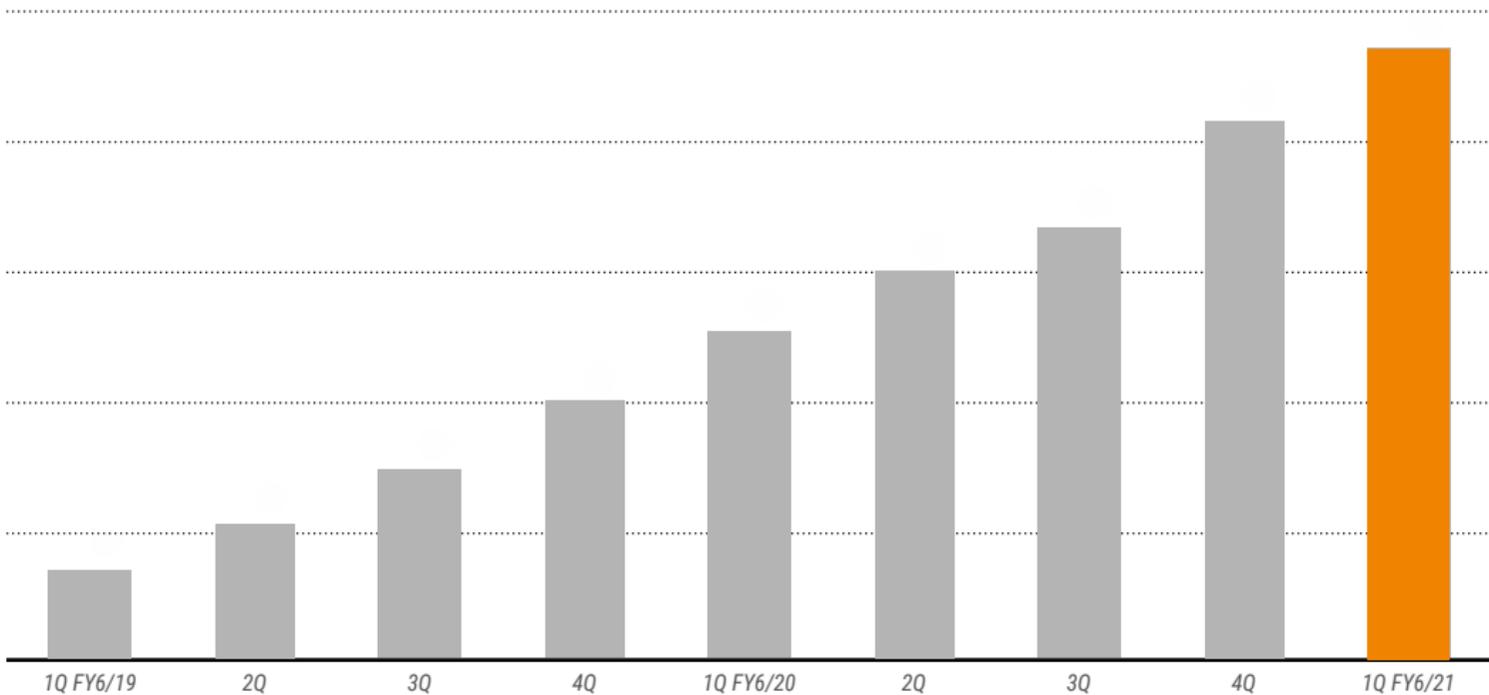
**Bad** Smaller number of new WiMAX contracts following the one-time upturn in demand in the previous quarter

The number of new customers decreased 21% from one year earlier



## Good Consistent growth of revenue from steady sources

First quarter steady revenue was 86% higher than one year earlier



## Summary of *Good* and *Bad* by Business Segment

Segment	Factors	Assessment
<b>Second-hand online</b>	<p><i>Efficient use of advertising expenses</i></p> <p><i>Agricultural equipment sales continue to grow rapidly</i></p> <p><i>Start of significant increase in requests to Oikura</i></p>	<p><i>Good</i></p> <p><i>Good</i></p> <p><i>Good</i></p>
<b>Media</b>	<p><i>Average monthly page views down from the previous quarter</i></p> <p><i>Consistently high income per page view</i></p> <p><i>Segment profit down because of higher fixed expenses</i></p>	<p><i>Bad</i></p> <p><i>Good</i></p> <p><i>Neutral</i></p>
<b>Mobile &amp; Telecommunications</b>	<p><i>Smaller number of new WiMAX customers following the one-time upturn in demand in the previous quarter</i></p> <p><i>Consistent growth of revenue from steady sources</i></p>	<p><i>Bad</i></p> <p><i>Good</i></p>

# Agenda

- 1Q FY6/21 Performance Overview
- **FY6/21 Business Climate**

## FY6/21 Forecasts

### No revisions to the consolidated forecast

(Million yen)	FY6/20 results	FY6/21 forecasts	YoY change
Net sales	10,904	13,500~14,500	+23.8%~+33.0%
Operating profit	655	730~900	+11.3%~+37.2%
Ordinary profit	664	733~903	+10.4%~+36.0%
Profit attributable to owners of parent	291	360~450	+23.4%~+54.3%

## Outlook for *Good* and *Bad* Factors

Segment	Factors	Assessment	Outlook
<b>Second-hand online</b>	<p>Efficient use of advertising expenses</p> <p>Agricultural equipment sales continue to grow rapidly</p> <p>Start of significant increase in requests to Oikura</p>	<p><i>Good</i></p> <p><i>Good</i></p> <p><i>Good</i></p>	<p>Will continue efficient advertising in the 2Q and afterward</p> <p>Expect more rapid growth in the 2Q and afterward</p> <p>Expect a large volume of requests in the 2Q and afterward</p>
<b>Media</b>	<p>Average monthly page views down from the previous quarter</p> <p>Consistently high income per page view</p> <p>Segment profit down because of higher fixed expenses</p>	<p><i>Bad</i></p> <p><i>Good</i></p> <p><i>Neutral</i></p>	<p>Telecommunications media are recovering due to the launch of the new iPhone</p> <p>Forecast no change in income per page view</p> <p>Expect fixed expenses to remain at the 1Q level</p>
<b>Mobile &amp; Telecommunications</b>	<p>Smaller number of new WiMAX customers following the one-time upturn in demand in the previous quarter</p> <p>Consistent growth of revenue from steady sources</p>	<p><i>Bad</i></p> <p><i>Good</i></p>	<p>The business climate remains challenging</p> <p>Plan to increase steady revenue by selling optional services and other items</p>

# FY6/21 Business Segment Strategies

## No change in strategic objectives

Segment	Strategies
<b>Second-hand online</b>	<p><b>Reuse services for individuals</b></p> <ul style="list-style-type: none"> <li>• Attract more customers by increasing the accuracy of web marketing</li> <li>• Use IT and standardization for business processes to increase efficiency</li> </ul> <p><b>Reuse services for companies</b></p> <ul style="list-style-type: none"> <li>• Capture M&amp;A synergies, increase agricultural equipment purchases and overseas sales</li> </ul> <p><b>Oikura</b></p> <ul style="list-style-type: none"> <li>• Use alliances with partners and other measures to increase the number of purchase requests</li> <li>• Create a matching system that is not dependent on specific regions</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Increase domain value by upgrading content of media and taking other actions</li> <li>• Increase the number of customers sent to advertisers and fees received per customer sent</li> </ul>
<b>Mobile &amp; Telecommunications</b>	<ul style="list-style-type: none"> <li>• Focus on increasing the number of new service contracts by expanding web marketing and the lineup of services</li> </ul>

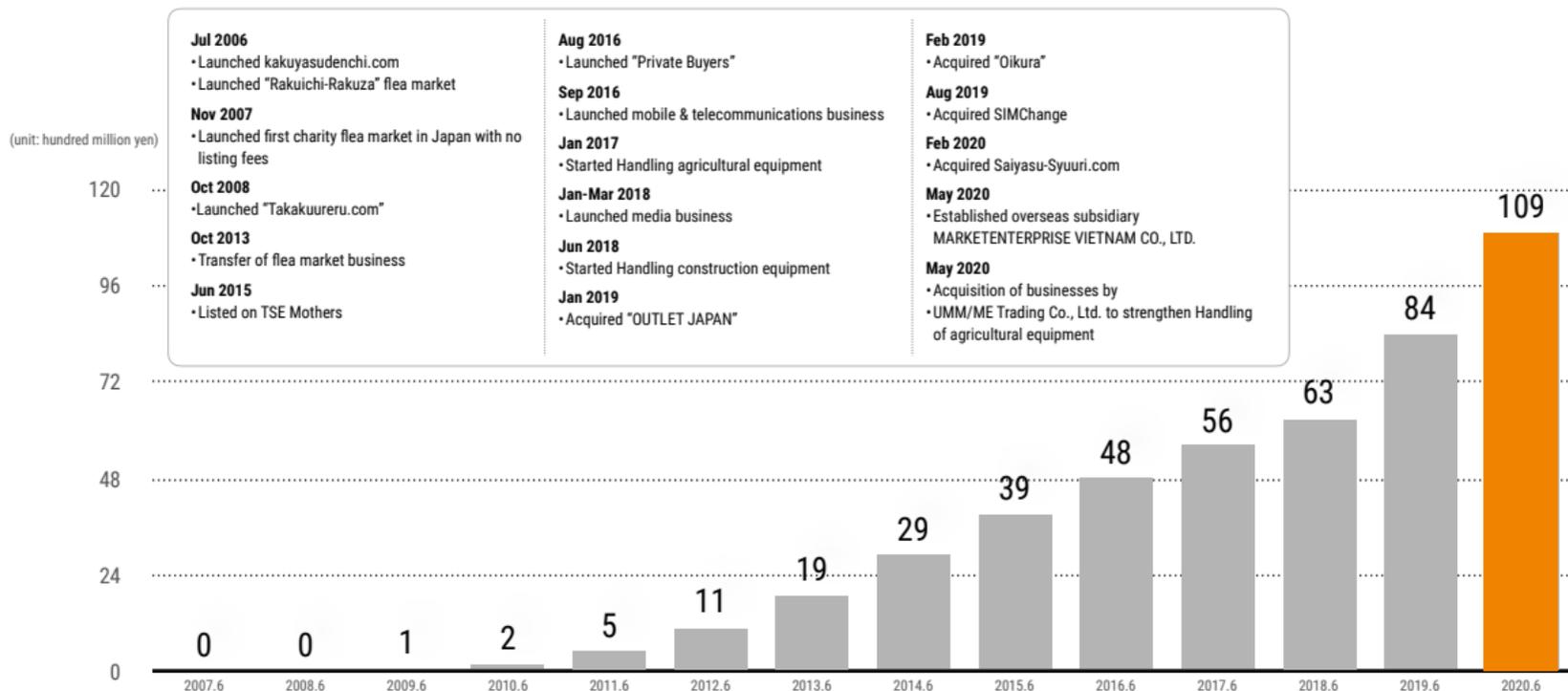
# Appendix

# Company Profile

<b>Name</b>	MarketEnterprise Co., Ltd.
<b>Established</b>	July 7, 2006 (business commenced November 1, 2004)
<b>Corp. Philosophy</b>	Developing businesses which build win-win relationships and remaining a group of individuals who enjoy business from the bottom of their hearts
<b>Capital</b>	306,797,000 yen (as of June 30, 2020)
<b>Listing</b>	Listed on the Tokyo Stock Exchange Mothers on June 27, 2015 (Code 3135)
<b>Representative</b>	Yasushi Kobayashi, President and CEO
<b>Description</b>	Second-Hand online business, media business, mobile & telecommunications business
<b>Employees</b>	426 (including part-time staff) (as of June 30, 2020)
<b>HQ</b>	Tokyo Tatemono Kyobashi Building 3F, 3-6-18 Kyobashi, Chuo-ku, Tokyo, 104-0031
<b>Main Customers</b>	Yahoo Japan Corporation/Rakuten, Inc./Amazon Japan/eBAY Inc./Dentsu Inc. Dai Nippon Printing Co., Ltd./Co-op Deli Consumers' Co-Operative Union/Sagawa Express Co., Ltd./ Yamato Holdings Co., Ltd.

# Business Performance

## 14 consecutive years of sales growth since being established.



# Market Enterprise: List of Subsidiaries



Second-Hand online business/Media business

Second-Hand online business



**ME Trading Co., Ltd. : Investment Ratio 100%**  
Purchasing used agricultural equipment, domestic and overseas sales and export

Media business



**UMM Co., Ltd. : Investment Ratio 90%**  
Operating "Used machine market UMM", one of Japan's largest specialized marketplaces for used agricultural equipment

Mobile & telecommunications business



**ME Mobile Co., Ltd. : Investment Ratio 65%**  
Offering WiMAX, budget SIM and other MVNO services



**MARKETENTERPRISE VIETNAM CO., LTD : Investment Ratio 100%**  
Offshore base for developing IT system infrastructure pertaining to all ME group businesses

# Market Enterprise Group - Business Locations

## 16 locations in Japan, 1 location overseas

### ■ MarketEnterprise Head Office and Kyobashi Branch

Chuo-ku, Tokyo

### ■ Contact Centers and Customer Support Centers (2 locations)

Sumida-ku, Tokyo; Tokushima City, Tokushima

### ■ Purchasing Bases (10 locations)

Sapporo City, Hokkaido; Sendai City, Miyagi; Wako City, Saitama;  
Koto-ku, Tokyo; Fuchu City, Tokyo; Yokohama City, Kanagawa;  
Nagoya City, Aichi; Suita City, Osaka; Kobe City, Hyogo;  
Fukuoka City, Fukuoka

### ■ ME Mobile

Sumida-ku, Tokyo

### ■ ME Trading Co., Ltd. (2 locations)

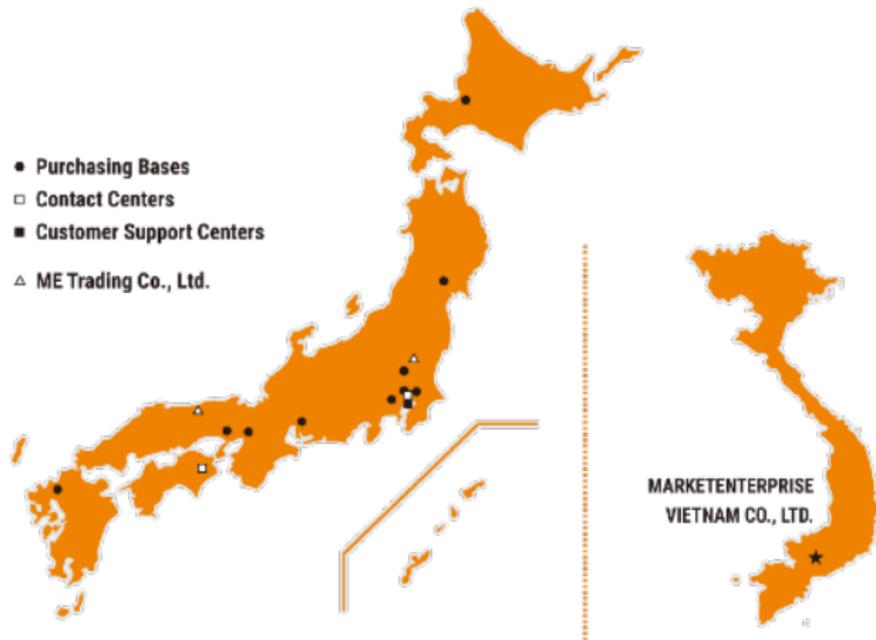
Tottori City, Tottori; Oyama City, Tochigi

### ■ UMM Co., Ltd.

Chuo-ku, Tokyo

### ■ MARKETENTERPRISE VIETNAM

HCMC, Viet Nam.



# Business Portfolio

## Expanding areas of business from Second-Hand distribution business for individuals

### Second-Hand Online Business

<p>For individuals</p>	<p>Platform</p> <p>(Acquired in Feb 2019)</p>
<p>For companies</p> <p>(Acquired in May 2020)</p>	

### Media Business

<p>Telecom</p> <p>(Acquired in Aug 2019)</p>	<p>Platform</p> <p>(Acquired in May 2020)</p> <p>(Acquired in Feb 2020)</p>
<p>Second-Hand</p>	<p>Hobbies</p> <p>(Acquired in Jan 2019)</p>

### Mobile & Telecommunications Business

Service Brand

powered by UQ WIMAX

## Second-Hand Online Business: Purchasing Vertical Sites

Securing approx. 40,000 purchase requests/month by Handling 30 categories of mainly niche products.



## Second-Hand Online Business: Business Flow

- Both purchase and sales are available at multiple-channel. We can respond to customers' various needs.
- We have strengthened our support for the large corporate projects based on "C2B2C\*".



C2B2C: acronym of "Consumer to Business to Consumer"

Transactions conducted through a corporation rather than directly between individuals.

# Second-Hand Online Business: Strengths

## Primary assessment at contact center



Proposing of purchase price/method

## Purchasing through 3 channels



Home delivery-based purchasing



In-store purchasing



Door to door purchasing

## Purchasing bases across the country



**Reduces psychological and physical barriers by developing to areas close to customers**

Expanding purchasing bases to ten cities: Sapporo, Sendai, Saitama, Tokyo, West Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka.

## Standardized operations



**1,000-page operation manual**

Manual clarifying business processes  
Standardization of service level putting the "STANDARD BOOK" into practice

## Second-Hand Online Business: Service Result

We aim for further growth as a platform for secondary distribution.

**Total number of service users**

\*Total accumulated in June 2020

**4,300,000 Users**

**Average selling price**

\*June 2020 result

**Approximately 32,000yen**

**Customer Satisfaction**

\*Yahuoku! cumulative evaluation as of the end of August 2020.

**99.50%**

**Online Auction Sales**

**1st place** for 3 years in a row



# Second-Hand Online Business: Market Size

## Potential Market Size of Second-Hand Online Business



\*Source: Ministry of Economy, Trade and Industry, "FY2018 Infrastructure Development for a Data Driven Society in Japan (Market Survey on Electronic Commerce)"

\*Source: Monetary values obtained by multiplying 30% future used goods ratio by data from the following sources; agricultural equipment: Ministry of Agriculture, Forestry and Fisheries, Construction machinery: Japan Construction Equipment Manufacturers Association, Medical devices: "Pharmaceutical Industry Production Trend Statistics" (annual report).

**Our market: 4.5 trillion yen +  $\alpha$**

# Second-Hand Online Business: Market Volume

## Potential Market Size of Second-Hand Online Business



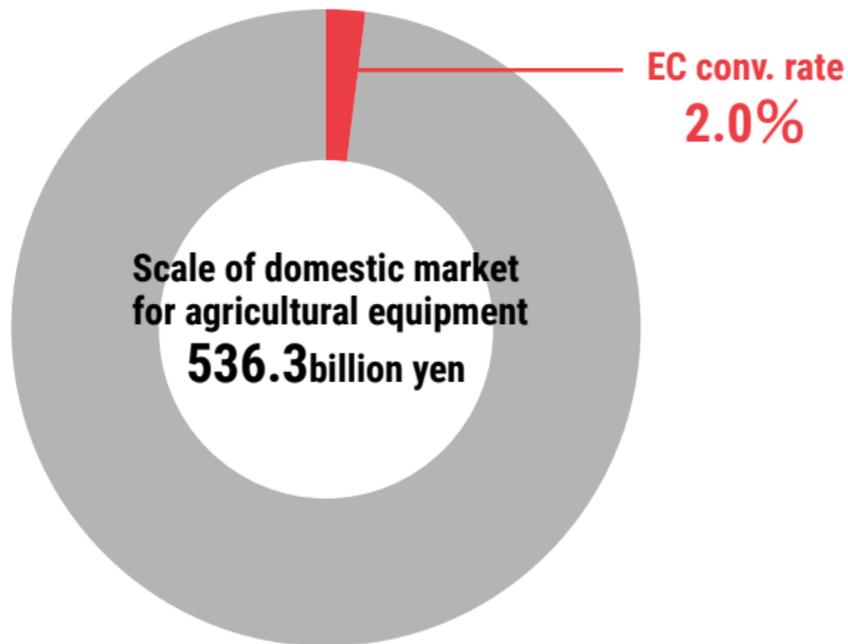
\*Source: Ministry of Economy, Trade and Industry, "FY2018 Infrastructure Development for a Data Driven Society in Japan (Market Survey on Electronic Commerce)"

\*Source: Monetary values obtained by multiplying 30% future used goods ratio by data from the following sources; agricultural equipment: Ministry of Agriculture, Forestry and Fisheries, Construction machinery: Japan Construction Equipment Manufacturers Association, Medical devices: "Pharmaceutical Industry Production Trend Statistics" (annual report).

**Our market: 4.5 trillion yen + α**

## Agricultural Equipment : Conversion rate to EC

Conversion rate to EC is only 2.0% for agricultural equipment. Major room for market expansion.



Source: Japan Agricultural Machinery Manufacturers Association, "Shipments Made in 2019 (Final Numbers)"  
Ministry of Finance Customs Statistics, "Agricultural Machinery Exports" and "Agricultural Machinery Imports"  
EC sales amounts based on our company's estimates

# Media Business : Business Model and List of Operated Media

## Business Model



iPhone  
格安通信

From June 2017  
Information media for iPhones, Wi-Fi and WiMAX

SIM CHANGE

From August 2019  
Comparison media for discount SIM services

高く売れる  
FOLLOW  
MAGAZINE

From March 2018  
Second-Hand- focused media to help understand the purchase, sale, and disposal of goods

おいくら?  
マガジン

Tips for purchasing and recycling furniture and appliances at a discount

ピギナス

From June 2017  
Media for discovering new hobbies

OUTLET JAPAN

From January 2019  
Information media for nationwide outlet malls

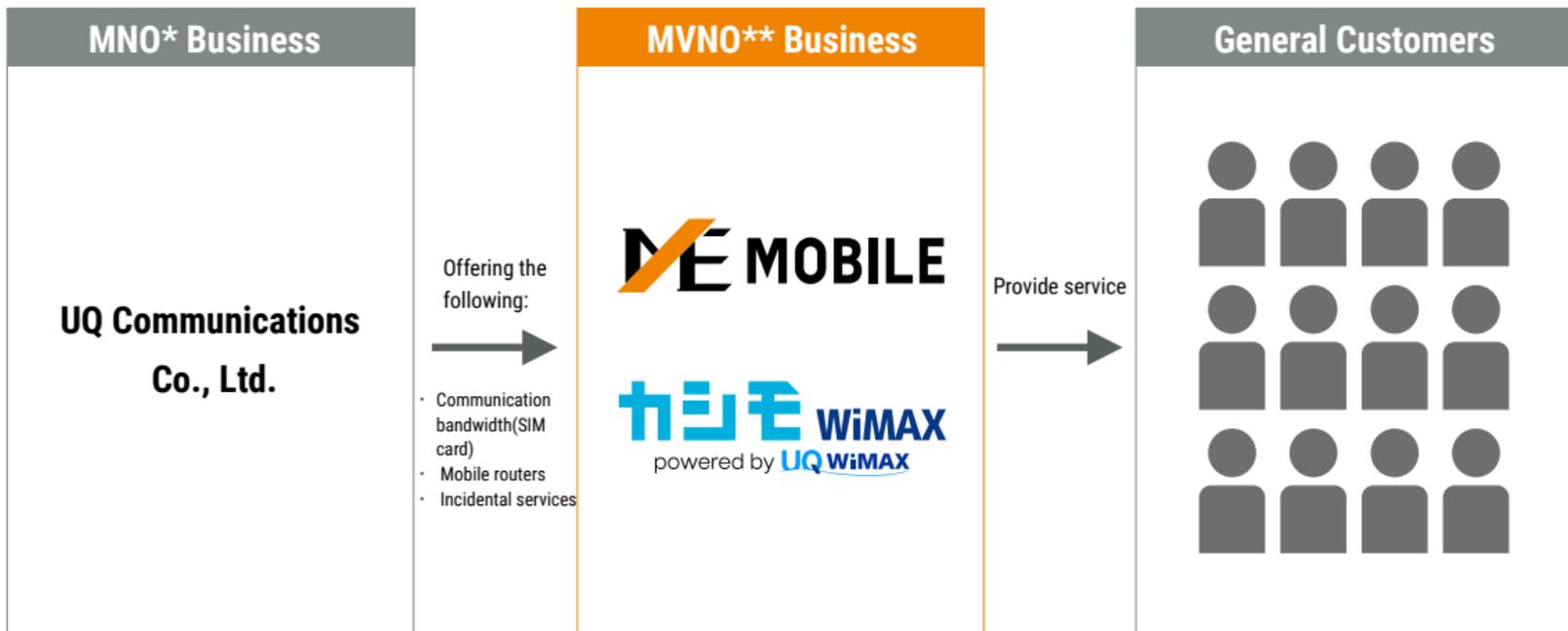
最安修理  
プラス

From February 2020  
Media pertaining to repairs

UMM  
USED MACHINE MARKET

From May 2020  
Used agricultural equipment purchase and sales platform

# Mobile & Telecommunications Business - Business Model



\*MNO\* refers to a mobile communications provider that installs and owns its own mobile networks, such as for cellular phones, and provides communication services.

\*\*MVNO\* refers to a virtual mobile communication operator which does not own its own mobile networks, but instead leases wireless communication infrastructure from other companies to provide services.

## **“To be an Optimized Trading Company for the creation of Sustainable Society”**

**A company that can  
offer various options  
to the consumers  
seek to be smart**

**Establishing a secondHand  
circulation business  
with Domestic and Overseas  
Corporate Partners**

**Japan is a developed country which also faces many challenges, such as a falling birthrate, an aging society, and environmental issues.**

# MarketEnterprise Group - Policy

The Sustainable Development Goals (SDGs) serve as principles for our management.



# Connections between SDGs and Businesses

## Creation of Sustainable Society



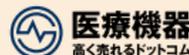
Promoting a second-hand circulation culture

Second-Hand Online Business  
(For individuals)



Circulate used equipment lying dormant in Japan to domestically and internationally.

Second-Hand Online Business  
(For corporate)



Utilizing our knowledge and resources to support the growth of small- and medium-sized businesses

Supporting Digital Transformation (DX) strategy for SME

# Market Enterprise Group - DX Promotion Support

Capable of comprehensive support, including trading markets, customer attraction support, and infrastructure development

## Platform

Providing a fair and safe place to trade

Second-Hand Online Business



Media Platform



## Online marketing support

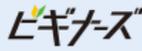
Raising awareness and supporting sales promotion through internet media

Media (article-based media)

〈Telecom〉



〈Hobbies〉



〈Second-Hand〉



## Provide Internet infrastructure

Constructing an affordable and secure internet environment



Service Brand



# Growth Stages by Business, Current

- This fiscal year, Second-Hand online business will drive performance
- Among Second-Hand online businesses, Oikura and Agricultural equipment are expected to drive performance (blue boxes)

	Training/infrastructure development	Expansion of business scale	Sales/profit growth period	Stable growth period
Second-Hand online business	高く売れるドットコム 高く売れるドットコム	高く売れるドットコム 		
Media business	最安修理ドットコム 			通信 MAGAZINE SIM CHANGE
Mobile & tele-communication business				

# Examples of Activities Contributing to Society

## Regional Revitalization

The Tokushima Contact Center was established in June 2016 under Tokushima City's system for attracting companies, with the aim of creating jobs and advancing industrial promotion projects in Tokushima Prefecture.



Tokushima Contact Center won the "Motivation Team Award 2020" in an employee engagement survey provided by the Link and Motivation Group.

## Creating Quality Educational Opportunities

The first such project of its kind in Japan, we are accepting donations of "dormant musical instruments" which are lying unused throughout Japan, which we then donate to educational institutions and music organizations lacking such instruments. Those who donate musical instruments will be able to use the "Hometown Tax" system to receive tax deductions for the assessed value of the instruments.



■Participating Municipalities: 15  
Inabe City, Mie; Higashi-Kagura Town, Hokkaido; Kitamoto City, Saitama; Tomita City, Miyagi; Nisshin City, Aichi; Matsuura City, Nagasaki; etc.

## Bringing Peace and Justice to All

Working in partnership with investigative and public agencies, we are contributing to the reduction of illegal transactions and the eradication of all forms of crime. Over 250 investigative collaborations were conducted in the three years from FY 2016 to 2019.



(Certificate of Appreciation presented at Chiba North Police Station, September 2018)

# Consolidated Statement of Income

(unit: millions of yen)

	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Jun 2020
Net sales	4,863	5,630	6,333	8,472	10,904
Cost of Sales	2,646	3,190	3,679	5,039	6,662
Gross profit	2,216	2,440	2,653	3,432	4,242
Selling, general, and administrative expenses	2,119	2,448	2,557	2,980	3,586
Operating profit (loss)	96	△7	96	452	655
Ordinary profit (loss)	93	4	94	455	664
Profit (loss) before income taxes	84	△3	94	436	623
Profit (loss)	49	△21	56	265	380
Profit (loss) attributable to non-controlling interests	-	△2	24	62	89
Profit (loss) attributable to owners of parent	49	△19	31	203	291
Net income (loss) per share	9.79	△3.80	6.28	39.87	55.90

\*June 2016 figures are non-consolidated figures.

# Consolidated Balance Sheet

(unit: millions of yen)

	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Jun 2020
Cash and deposits	744	825	938	1,166	1,255
Accounts receivable-trade	114	107	223	504	1,283
Merchandise	367	352	217	367	404
Other	91	79	115	78	126
<b>Current assets</b>	<b>1,318</b>	<b>1,364</b>	<b>1,494</b>	<b>2,117</b>	<b>3,068</b>
Tangible assets	72	60	132	144	358
Intangible assets	1	4	22	109	313
Investments and other assets	107	107	202	245	281
<b>Non-current assets</b>	<b>181</b>	<b>172</b>	<b>357</b>	<b>499</b>	<b>954</b>
<b>Total assets</b>	<b>1,499</b>	<b>1,536</b>	<b>1,829</b>	<b>2,617</b>	<b>4,023</b>

	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Jun 2020
Accounts	0	1	57	176	370
Loans pa	125	144	158	221	464
Other	274	258	381	601	672
<b>Current li</b>	<b>399</b>	<b>404</b>	<b>598</b>	<b>999</b>	<b>1,506</b>
Long-term	167	215	228	333	859
Other	0	0	25	39	32
<b>Non-curren</b>	<b>167</b>	<b>215</b>	<b>254</b>	<b>373</b>	<b>891</b>
<b>Total liab</b>	<b>567</b>	<b>619</b>	<b>852</b>	<b>1,372</b>	<b>2,397</b>
Sharehold	931	912	945	1,151	1,443
Share acq	0	0	1	1	1
Non-contr	0	4	29	91	183
<b>Total net</b>	<b>931</b>	<b>917</b>	<b>976</b>	<b>1,244</b>	<b>1,625</b>
<b>Total liab</b>	<b>1,499</b>	<b>1,536</b>	<b>1,829</b>	<b>2,617</b>	<b>4,023</b>

\*June 2016 figures are non-consolidated figures.

Forward-looking statements in this document, such as forecasts of business performance, include forward-looking statements, assumptions and projections that are the basis of our plans. Actual business results may differ substantially due to various factors.

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To be an Optimized Trading Company for the creation of Sustainable Society

