



MarketEnterprise Co., Ltd.

*FY2019*

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**Financial Results  
Briefing**



Security code TSE:3135

# Agenda

- **Company Overview and Business contents**
- **Financial Highlights FY2019**
- **Overview and strategy by business**
- **Financial Forecast for FY2020**
- **About our IR activities**

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- **Company Overview and Business contents**
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# Company Overview

<b>Company Name</b>	MarketEnterprise Co., Ltd.
<b>Established</b>	July 7, 2006 (Business Started November 1, 2004)
<b>Stock listing date</b>	Listed on TSE Mothers in Jun. 27, 2015
<b>Capital stock</b>	306,375 thousand yen(as of Jun. 30, 2019)
<b>Representative</b>	President & CEO Yasushi Kobayashi
<b>Business Contents</b>	Second-hand Online Business, Media Business, Telecommunication Business, Delivery Rental Service Business,
<b>Number of employee</b>	357 employees (Consolidated, include part-timer, as of Jun. 30, 2019)
<b>Head Office</b>	Tokyo Tatemono Kyobashi Bldg.3F, 3-6-18, Kyobashi, Chuo-ku, Tokyo, 104-0031, Japan
<b>Mail Clients</b>	Yahoo Japan Corporation. Rakuten, Inc. Amazon Japan G.K. eBAY Inc. DENTSU INC. NTT DOCOMO, INC. Dai Nippon Printing Co., Ltd. CO-OP DELI CONSUMERS' COOPERATIVE UNION. SG Holdings Co., Ltd. YAMATO HOLDINGS CO., LTD.

# What is MarketEnterprise?

## **MARKET+ ENTERPRISE (adventurous creation)**

We are a company engaged in various businesses to aim to be an "Optimized trading company" based on second-hand.

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## What is "Optimized trading company"?

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

Smart Consumer : Consumers aware of the absolute value (high satisfaction consumption) and the relative value (resale value)

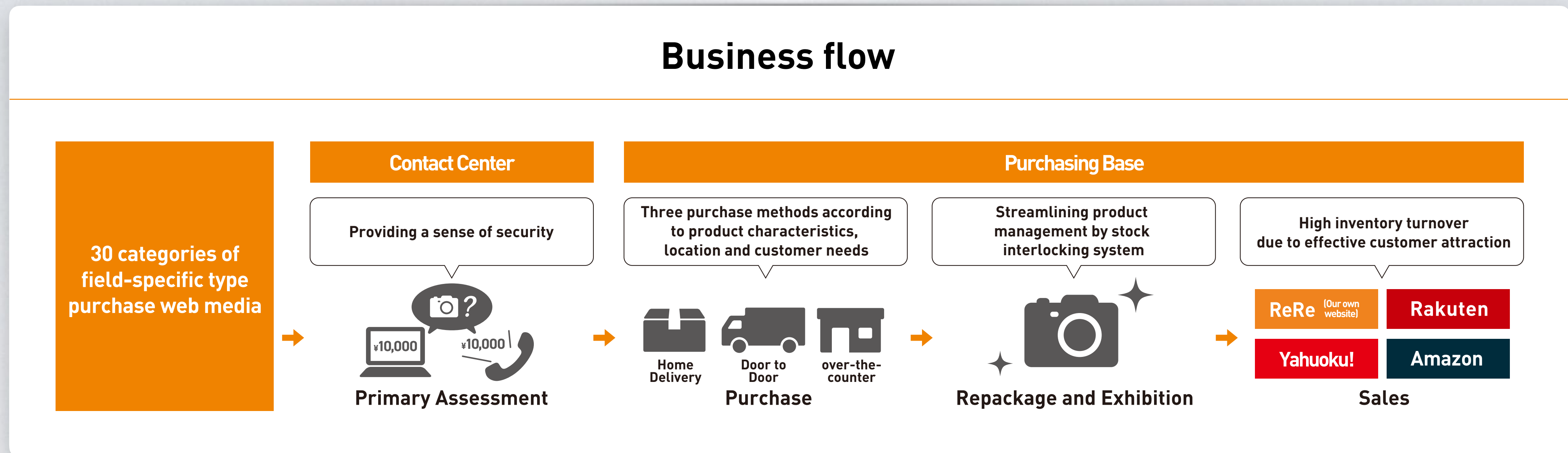
# Business Portfolio

We have built the needed portfolio to provide our service for smart consumers.



# Overview of Second-hand Online Business

- Both purchase and sale are available at multiple-channel. We can respond customer's wide range
- Our base is C to B to C\*. But we can accommodate Large-scale project of corporation.



\*C to B to C: Consumer to Business to Consumer. It is a form of transaction conducted through a corporation rather than directly trading between individuals.

# Second-hand Online Business: Purchasing Vertical Website

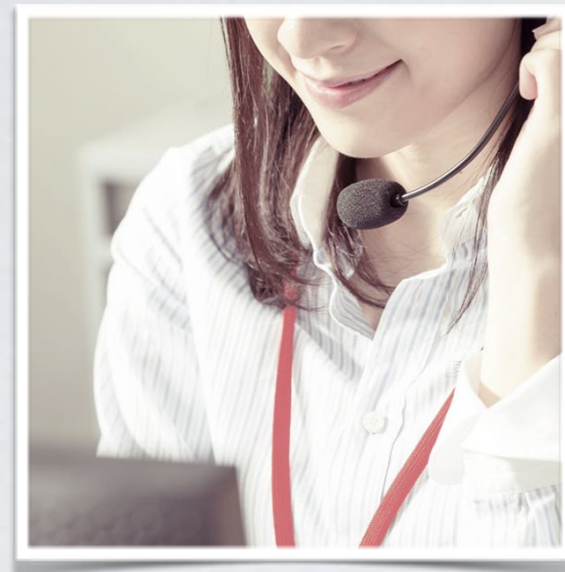
We catch up 30 categories centered to niche merchandises and have received over 40,000 purchasing requests per month.





# Second-hand Online Business: Business Strengths

## primary assessment at our own contact center



We suggest purchasing price and method etc.

## purchase with three channels



home delivery



over-the-counter



door-to-door

## We develop Purchasing bases all over Japan



**Reduce psychological and physical barriers by deploying to areas close to customers**

We develop Purchasing bases in Sapporo, Sendai, Saitama, Tokyo, West Tokyo, Yokohama, Nagoya, Osaka, Kobe, Fukuoka.

## Standardized operation



**The work manual with 1000 pages**

Standardization of the service level by the manual "STANDARD BOOK" that clearly describes the business process and its practice

# Media Business: Possessing Media

We have these media in the keenly interested field to supply information for smart consumers.

## Second-hand



## Telecommunication



Acquired August, 2019

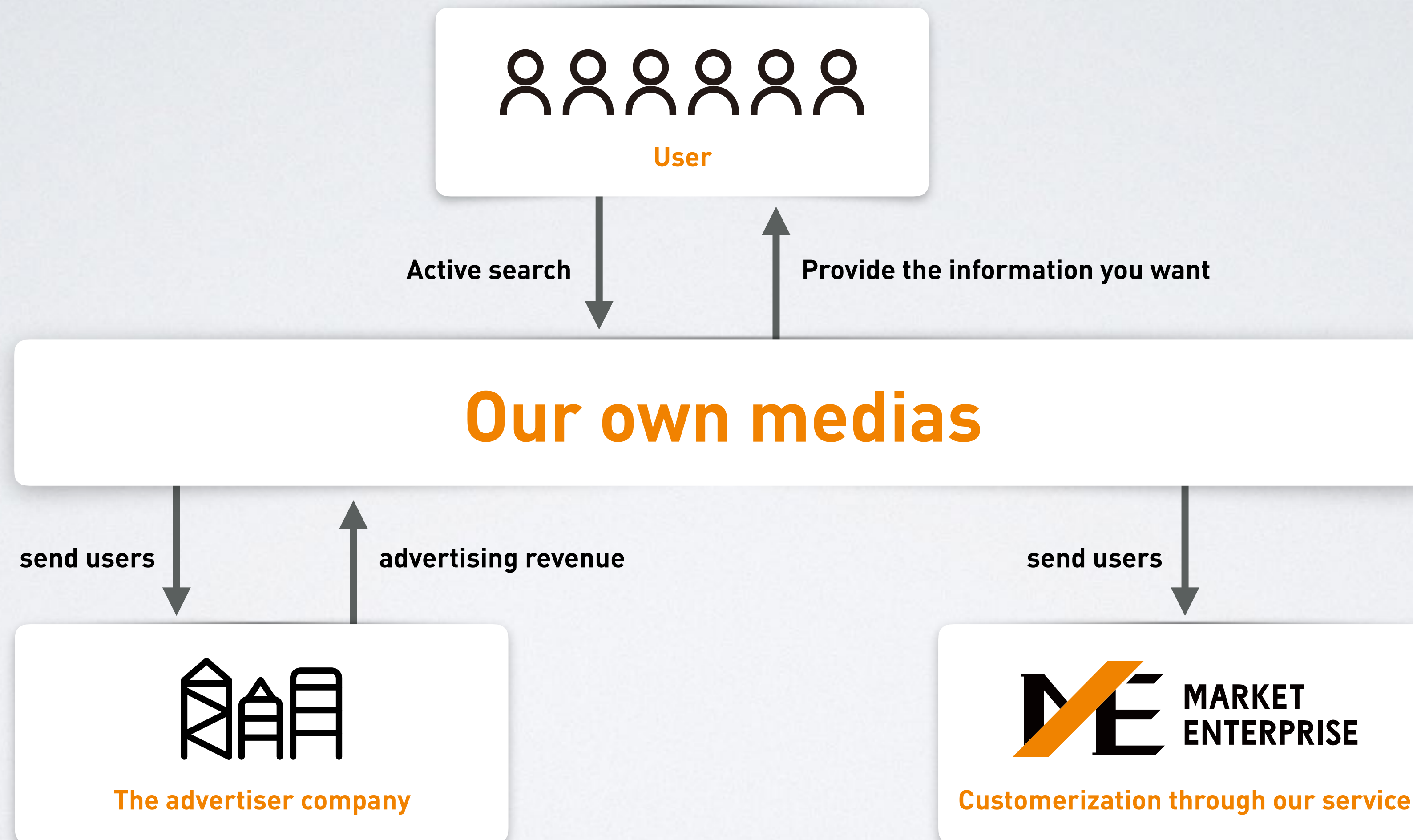
## Consumption



Acquired January, 2019

# Media Business: Business Model

We have supported the users for matching by providing some contents about the highly interesting field.



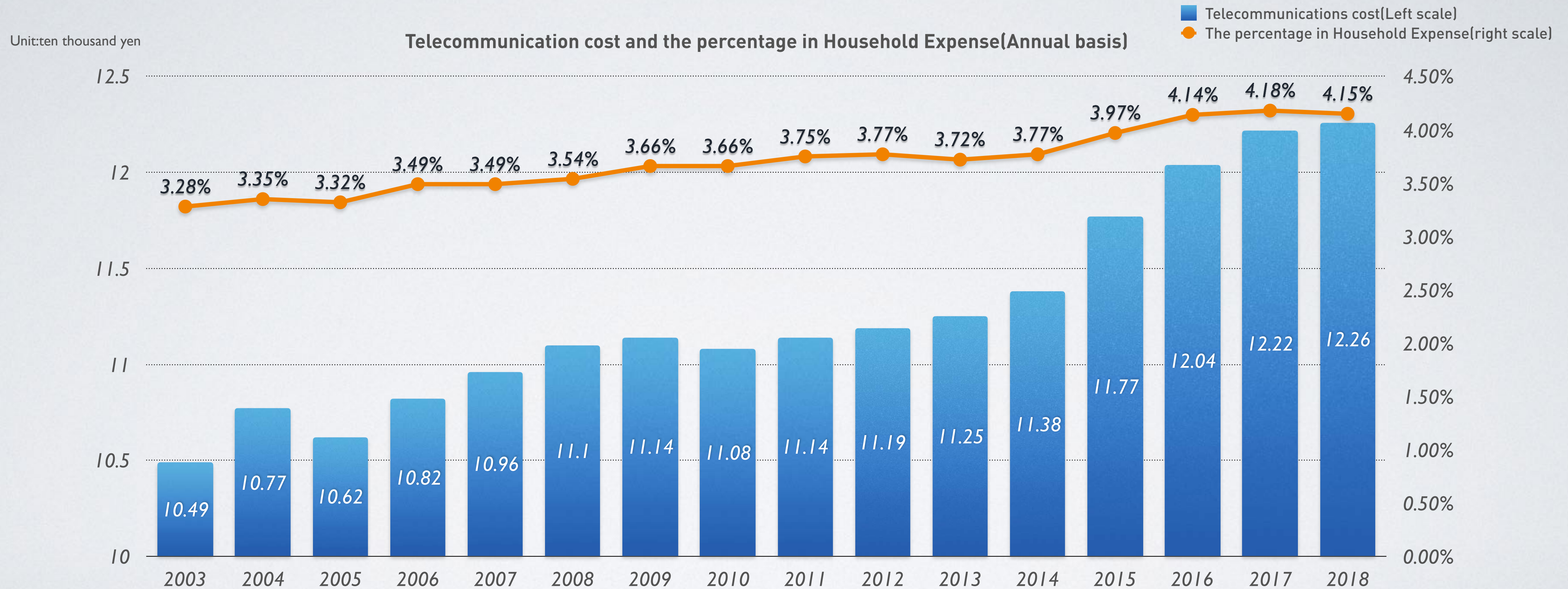
# Telecommunication Business: Business Description

We develop budget SIM service and WiMAX, high-speed telecommunication service, as an option to realize smart consumption in telecommunication necessary in everyday life



# Telecommunication Business: Percentage of telecommunication Cost in Household Expense

The percentage of telecommunication cost in each household expense tend to be higher.



Source:Ministry of Internal Affairs and Communications"Family Income and Expenditure Survey"

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## Financial Highlights FY 2019

- Past two fiscal year were for investment. Through it, operating profit increased by 4.7 times (YoY)
- There was a better landing than two upward revisions.
- The market of the main field of Second-hand online business was strong.
- Strategy fields such as agricultural, construction, and medical equipments were going up in sales.
- Sales in media business increased by 71.8 times thanks to the acceleration of page views.
- Revenue in telecommunication business increased by 3.7 times with increasing acquisitions well.

# Financial Highlights FY 2019

Net sales increased by 33.8 percent (YoY). Operating profit was up 4.7 times.

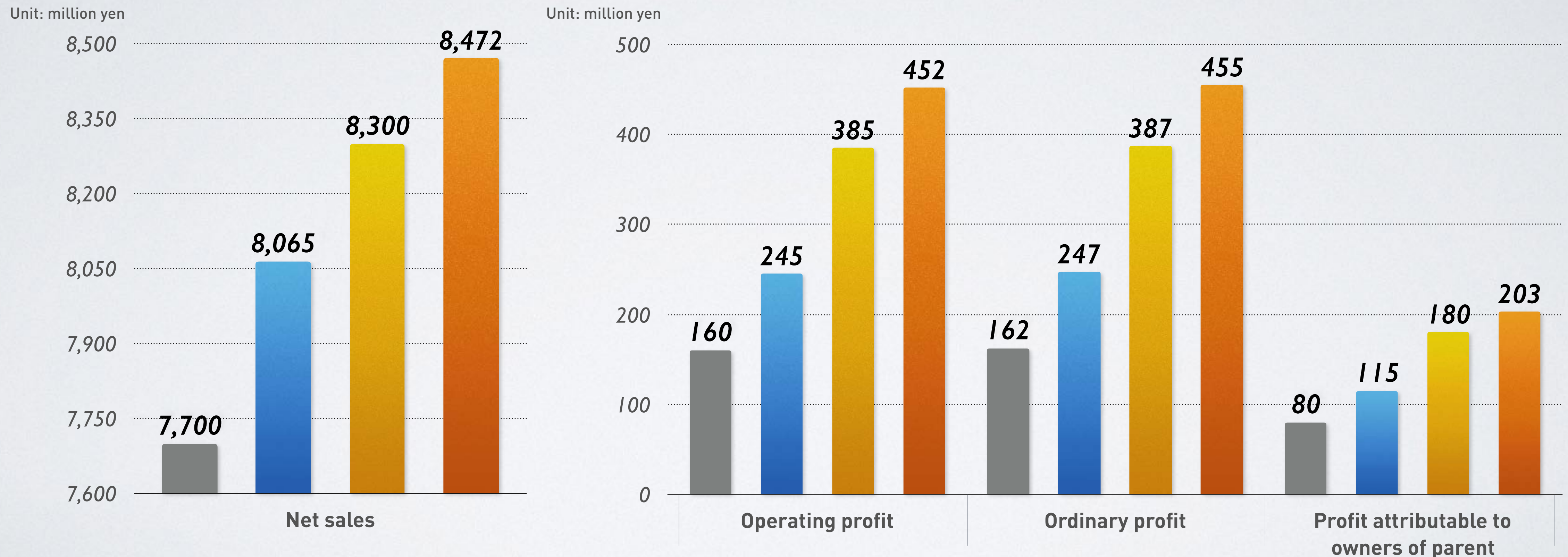
Unit: million yen	FY2018	FY2019	YoY
Net sales	6,333	8,472	+33.8%
Operating profit	96	452	4.7 times
Ordinary profit	94	455	4.8 times
Profit attributable to owners of parent	31	203	6.4 times



# Financial Highlights FY 2019

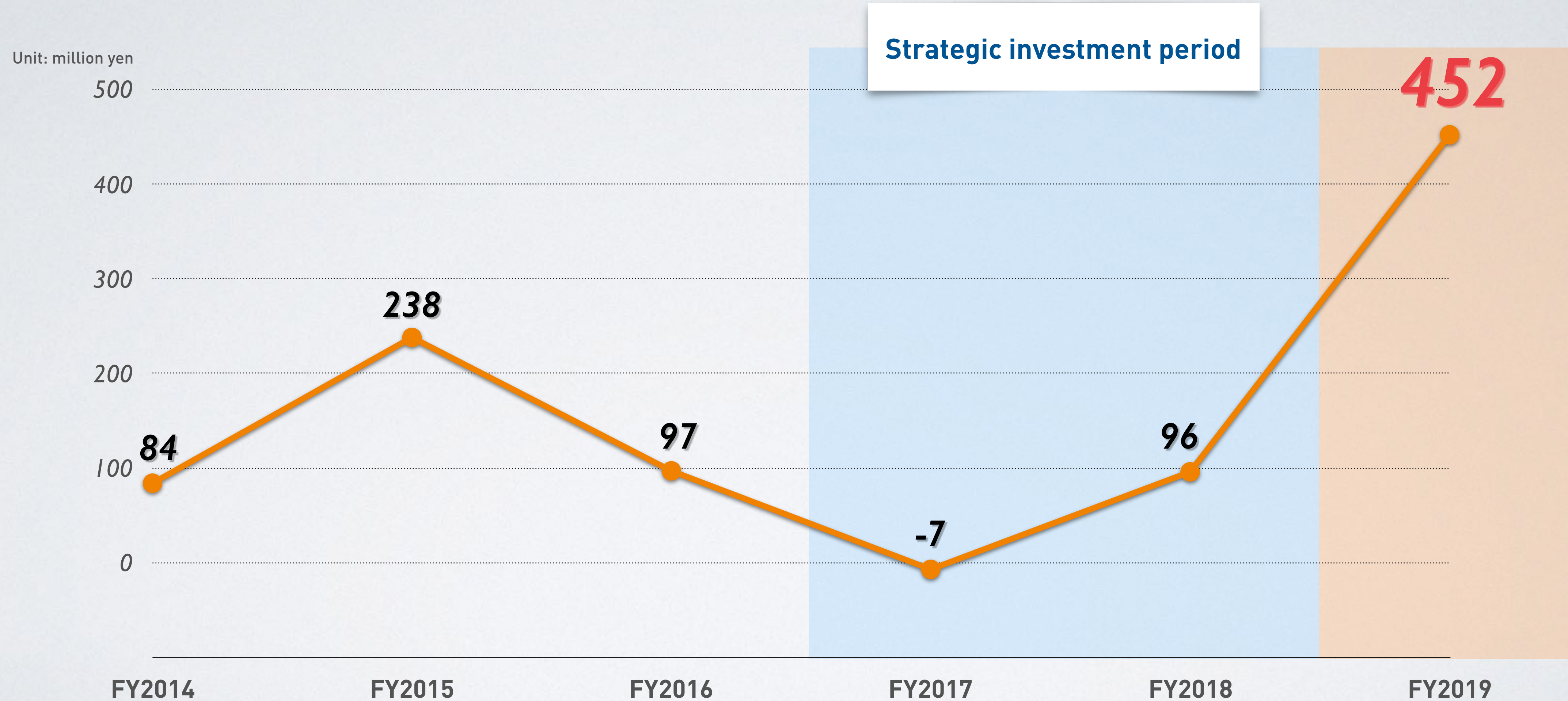
We have passed over the final revision with all businesses making a profit than expected.  
Furthermore, the results landed higher than expected in May 2019

■ Original forecast. 
 ■ The revisions on February 2019 
 ■ The revisions on May 2019 
 ■ Result



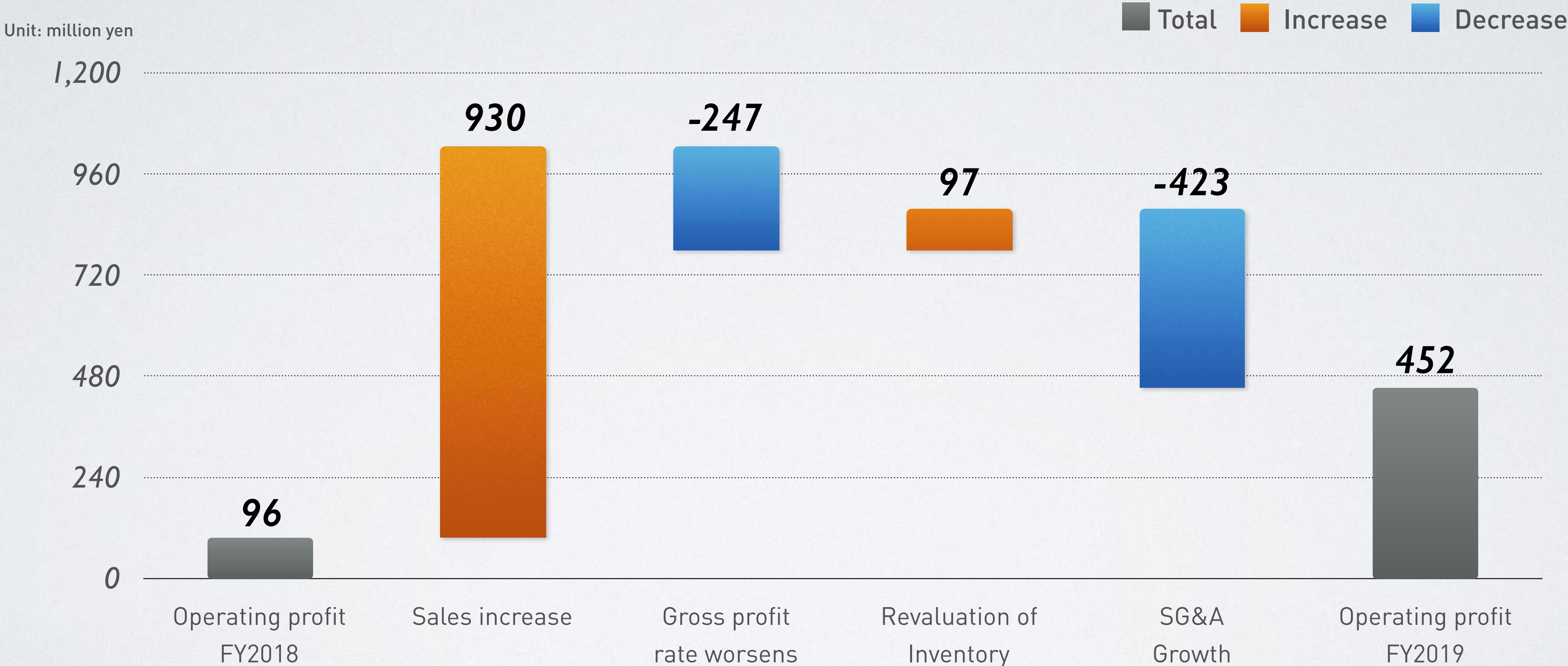
# The trend of Consolidated Operating profit

Past two fiscal year were for investment. Through it, operating profit increased by 4.7 times (YoY)



# Change in Operating profit

Operating profit rise due to sales increase.



# Balance Sheet

## Product inventory

Unit: million yen	As of Jun. 30, 2018	As of Jun. 30, 2019	Change
Cash and deposits	939	1,167	+24%
Product inventory	218	368	+69%
Other current assets	315	624	+98%
Non current assets	357	500	+40%
<b>Total assets</b>	<b>1,829</b>	<b>2,617</b>	<b>+22%</b>
The total of loans payable	388	556	+43%
Other liabilities	465	817	+76%
Total liabilities	852	1,373	+61%
Total net assets	976	1,245	+27%
<b>Total liabilities and net assets</b>	<b>1,829</b>	<b>2,617</b>	<b>43%</b>

# Sales result by business

Media business and telecommunication business significantly grow.

Unit: million yen	FY 2018	FY 2019	YoY
Second-hand online	5,791	6,359	+10%
Media	3	198	71.8 times
Non-consolidated net sales	<b>5,794</b>	<b>6,557</b>	<b>+13%</b>
Telecommunication	560	2,065	3.7 times
eliminations	-21	-150	—
<b>Consolidated net sales</b>	<b>6,333</b>	<b>8,472</b>	<b>+34%</b>

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- **About Second-hand online business**
- The market size of second-hand online business
- Platform "Oikura"
- Other initiative and future strategy
- Media business
- Telecommunication business

# Second-hand online business:overview

In addition for individuals, we cultivate professional and platform business.

## For individuals



## Platform



Acquired February, 2019

## Rental



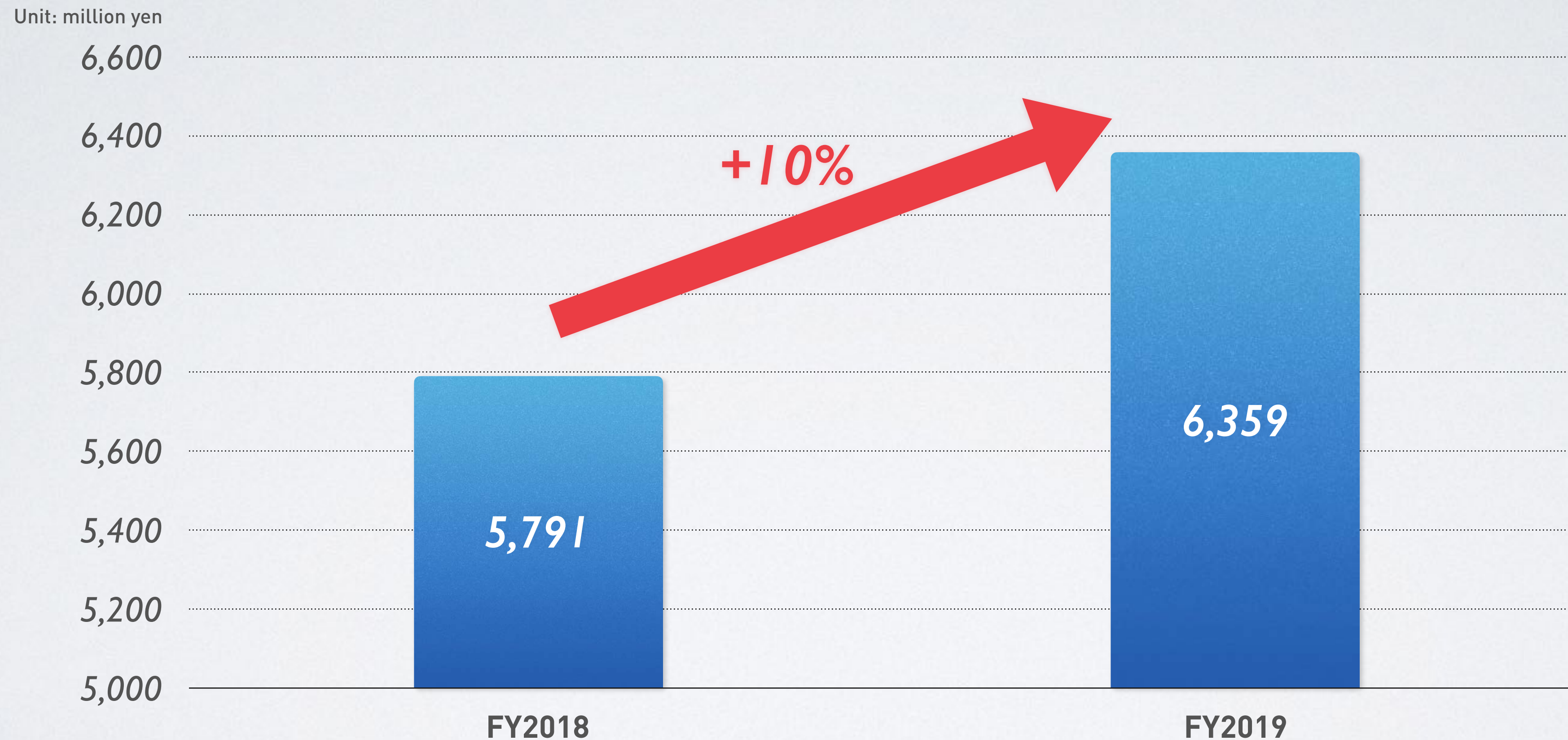
## For professional





# Second-hand online business:sales

Revenue was 6,359 million yen and increased by 10 percent (YoY).Record high sales.



# Second-hand online business:sales by field

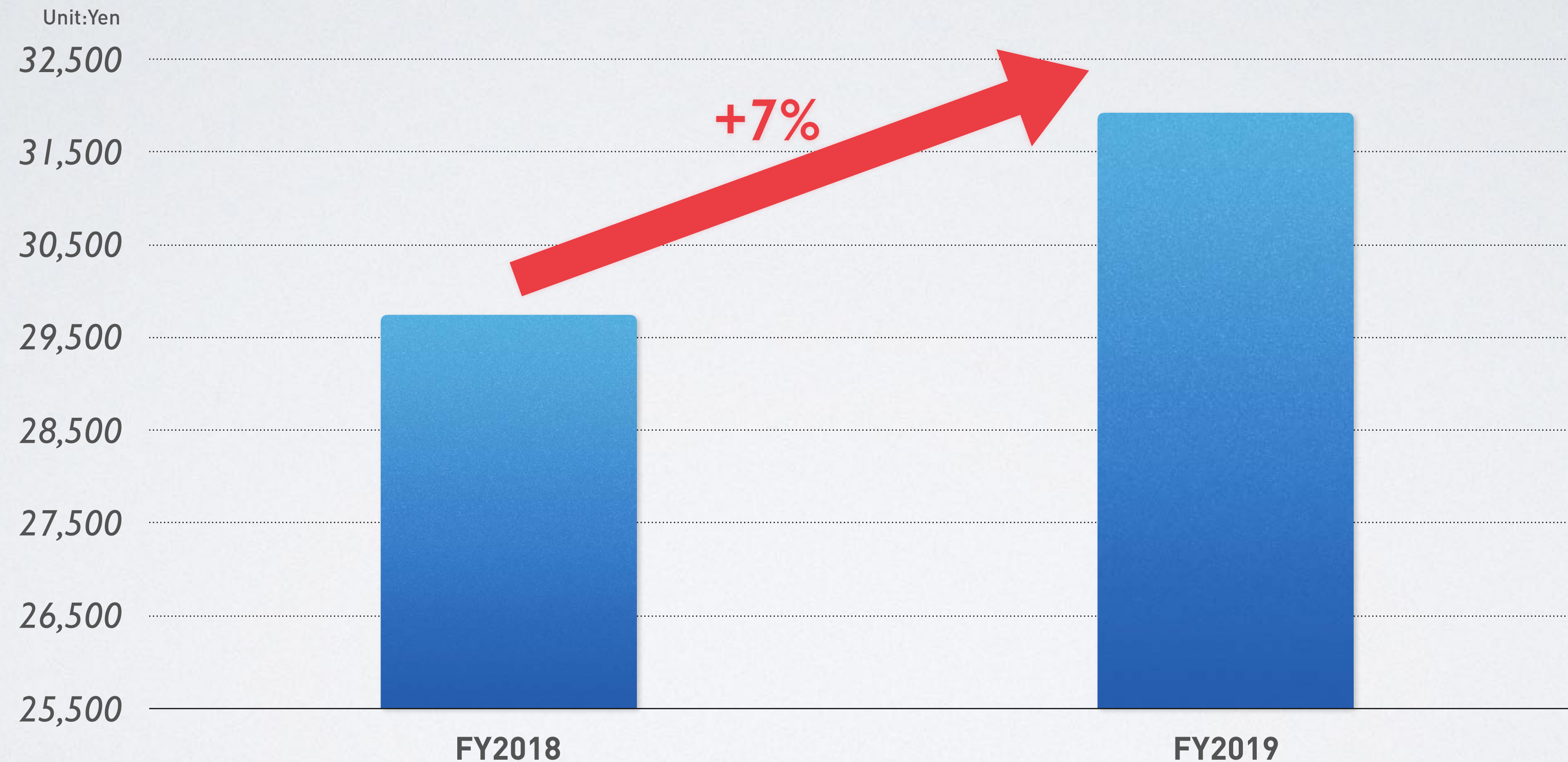
The main 5 field was strong. Strategic fields such as agricultural, construction, and medical equipments were going up in sales.

Second-hand online business:sales by field

	Change
Home appliance	+28%
Audio	+12%
Camera	+7%
Musical instruments	+11%
PC	+28%
<b>Agricultural, construction, medical equipments</b>	<b>+89%</b>
Bland goods and watches	-54%
Others	-9%

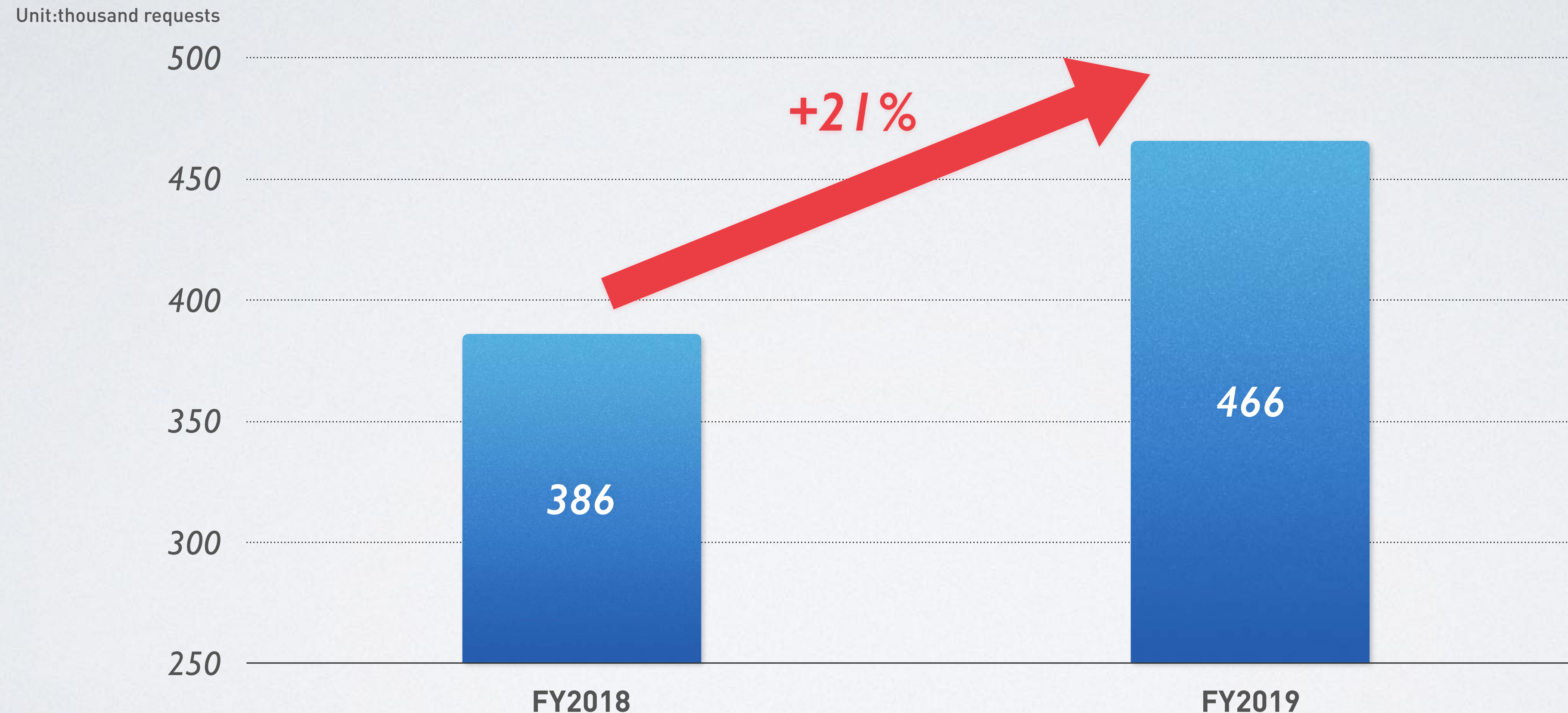
# Second-hand Online Business: Average Selling Price

Increase in average selling price contributed to higher sales.



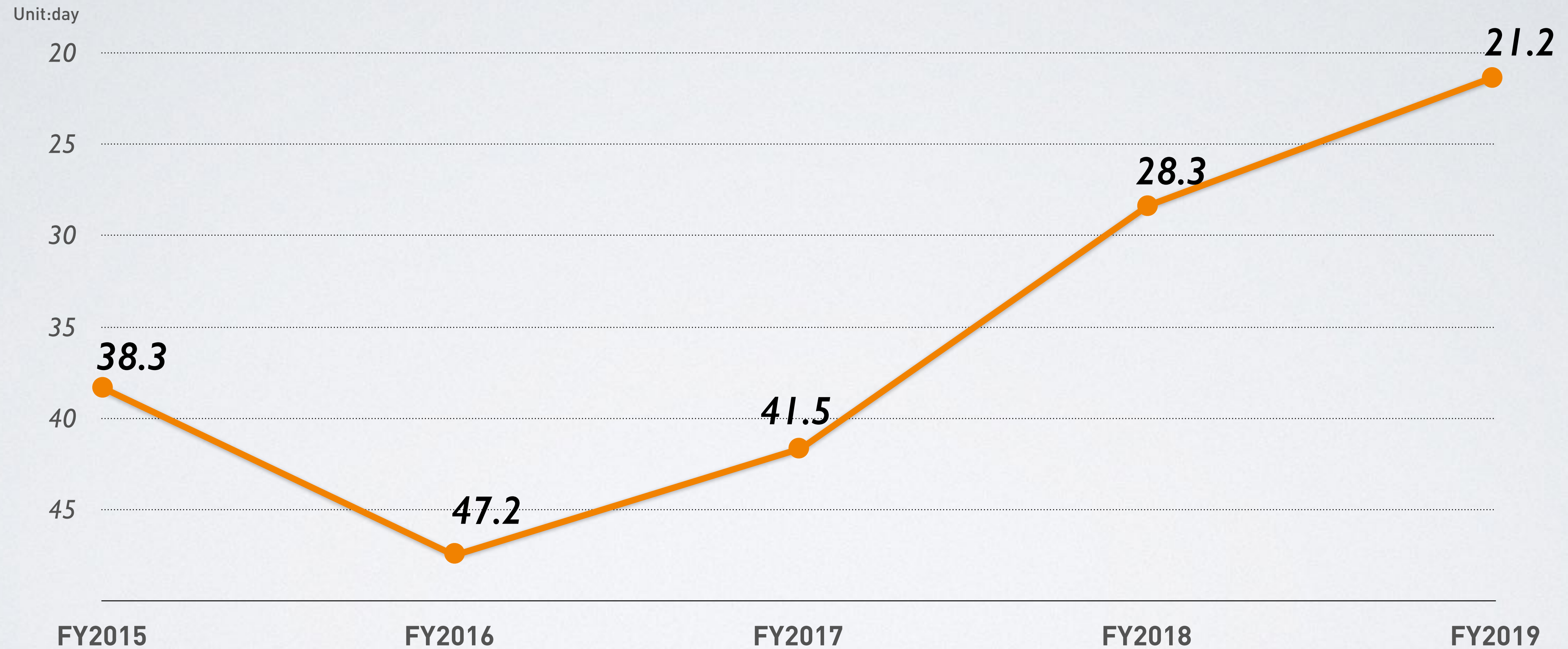
# Second-hand Online Business: Trend of Purchasing requests

The trend of purchasing requests increased by 21 percent compared with the previous year and almost 40,000 per month in FY 2019.



# Inventory Turnover Period

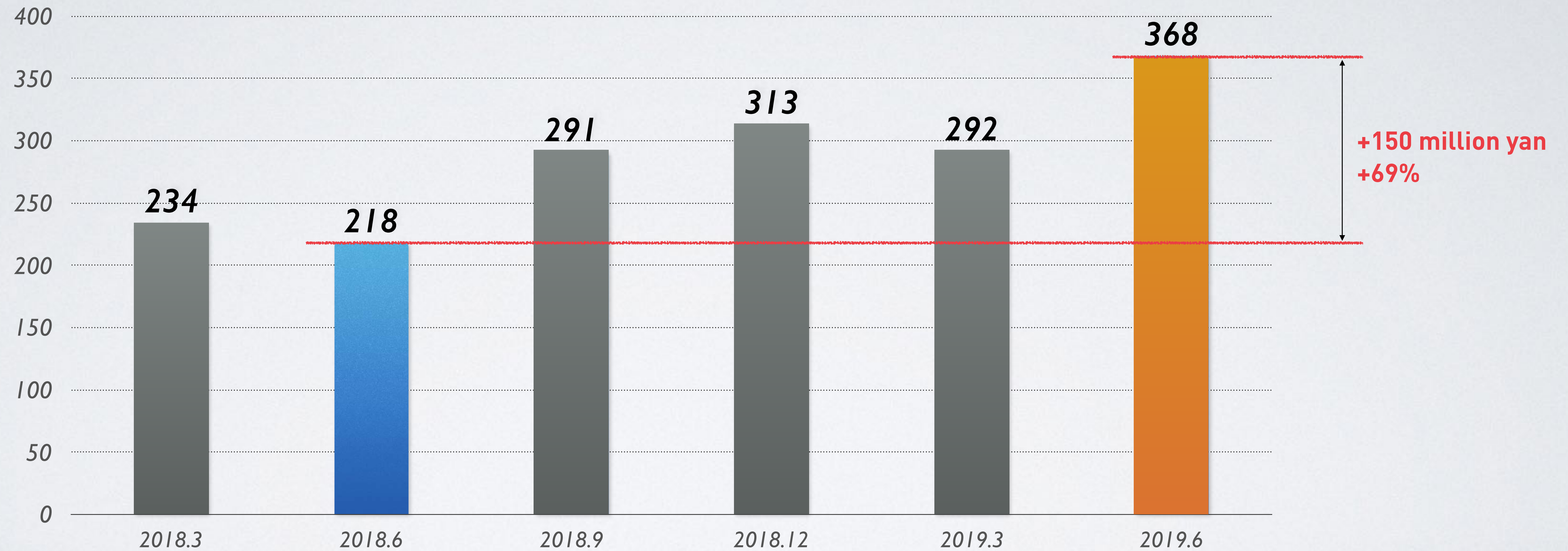
Both inventory amount and turnover ratio increased.



# The Trend of Inventory by Quarter

Inventory increased 150 million yen compared with the previous year.

Unit: million yen



- About Second-hand online business
- **The market size of second-hand online business**
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# Second-hand Online Business: Market Scale

Second-hand potential market in Japan is 7.6 trillion yen

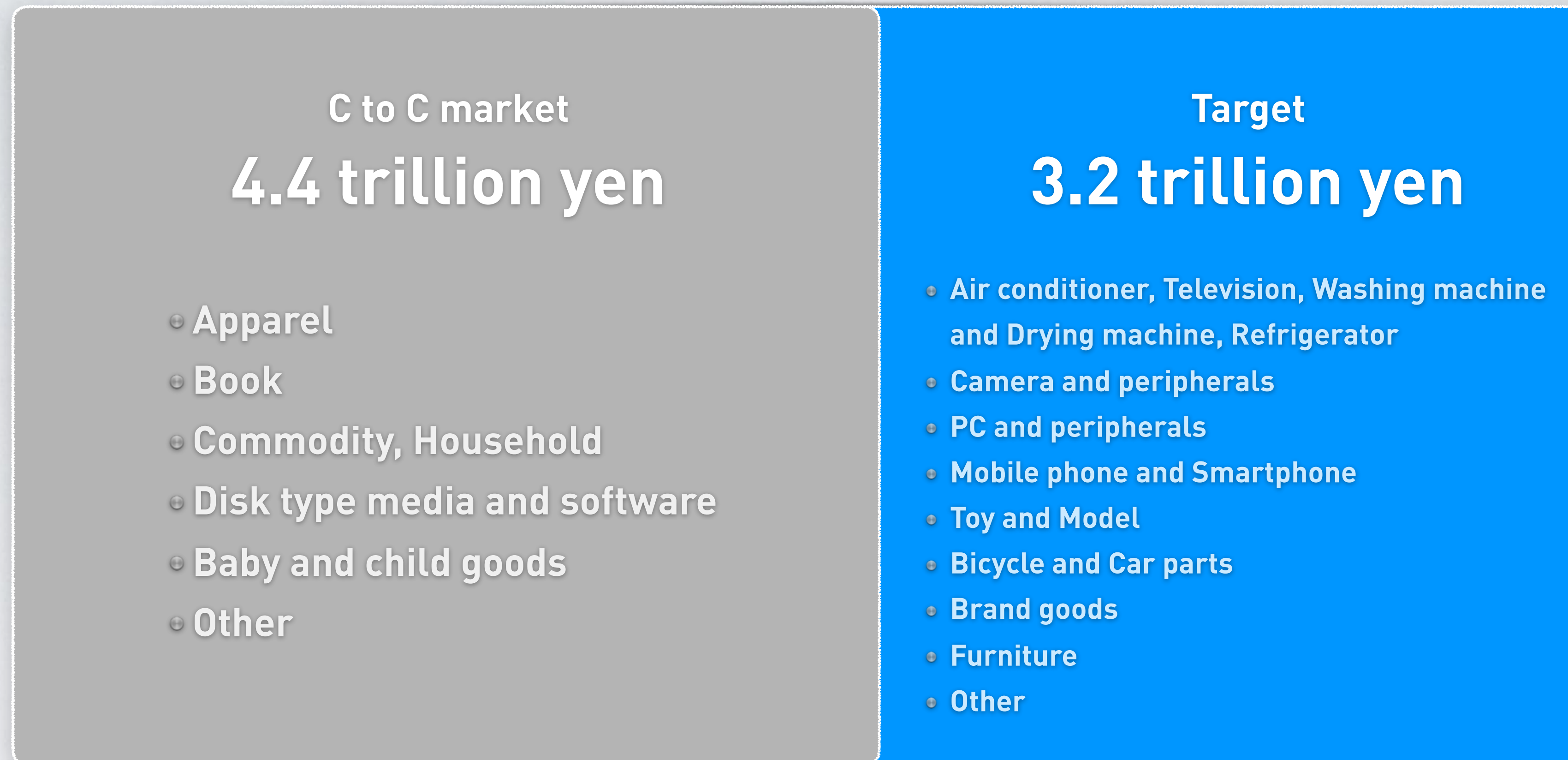
**7.6 trillion yen**

Source: The Ministry of Economy, Trade and Industry "FY2016 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey) "



# Second-hand Online Business: Market Scale

Our target is a 3.2 trillion yen market that is not compatible with CtoC (individual transactions)

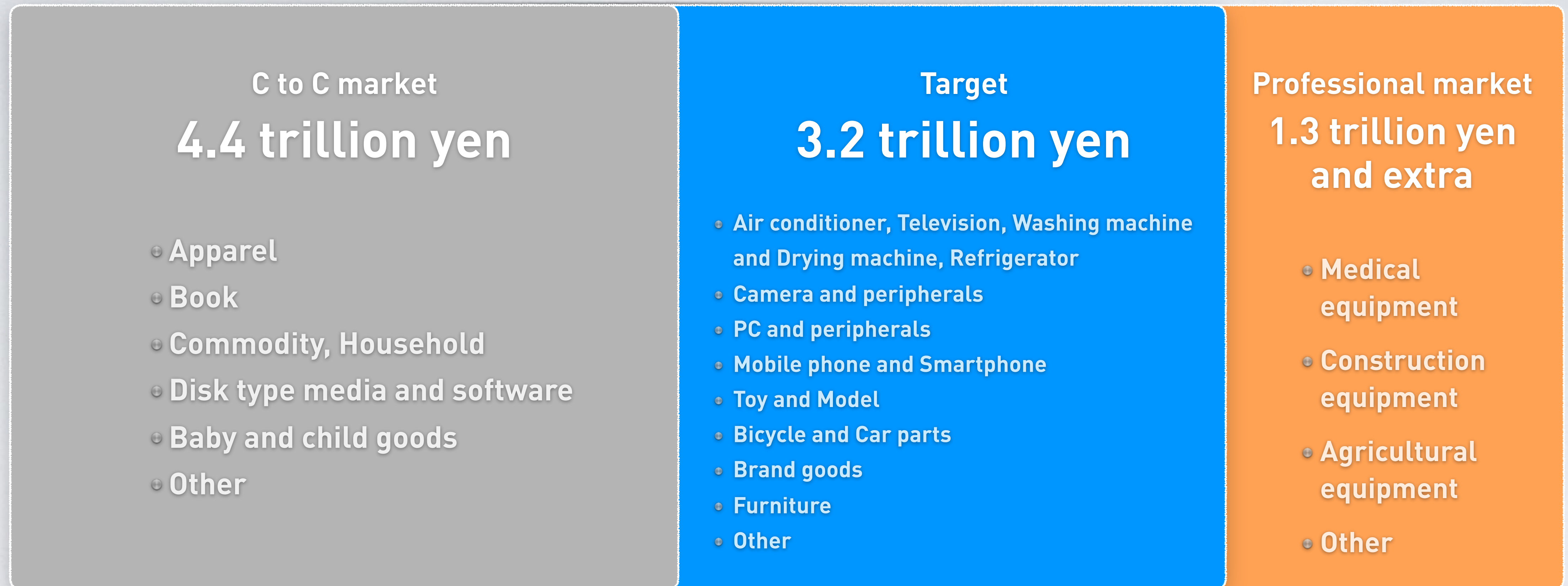


Source: The Ministry of Economy, Trade and Industry "FY2016 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey) "

# Second-hand Online Business: Market Scale

Including the professional market, our target is 4.5 trillion yen and extra.

We develop business targeting this vast market



Source: Agricultural equipment: Ministry of Agriculture, Forestry and Fisheries Construction equipment: Japan Construction Equipment Manufacturers Association  
Medical equipment: Statistics of Production by Pharmaceutical Industry(Annual) The number multiplied by 30% in the future used goods ratio.

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# Second-hand Online Business: Professional market

Low EC ratios = We Actively enter the market where it is difficult for individuals to deal with each other and there is global demand  
We estimated 30 percent of the domestic market scale as an estimated second-hand market.

## Agricultural equipment

**Domestic market size**  
**380 billion yen**

→The estimated second-hand market

**114 billion yen**

## Construction equipment

**Domestic market size**  
**992.5 billion yen**

→The estimated second-hand market

**299.8 billion yen**

## Medical equipment

**Domestic market size**  
**2,887 billion yen**

→The estimated second-hand market

**866.1 billion yen**

## Automobile (reference)

Domestic market size  
About 10 trillion yen  
(Used car ratio 32%)

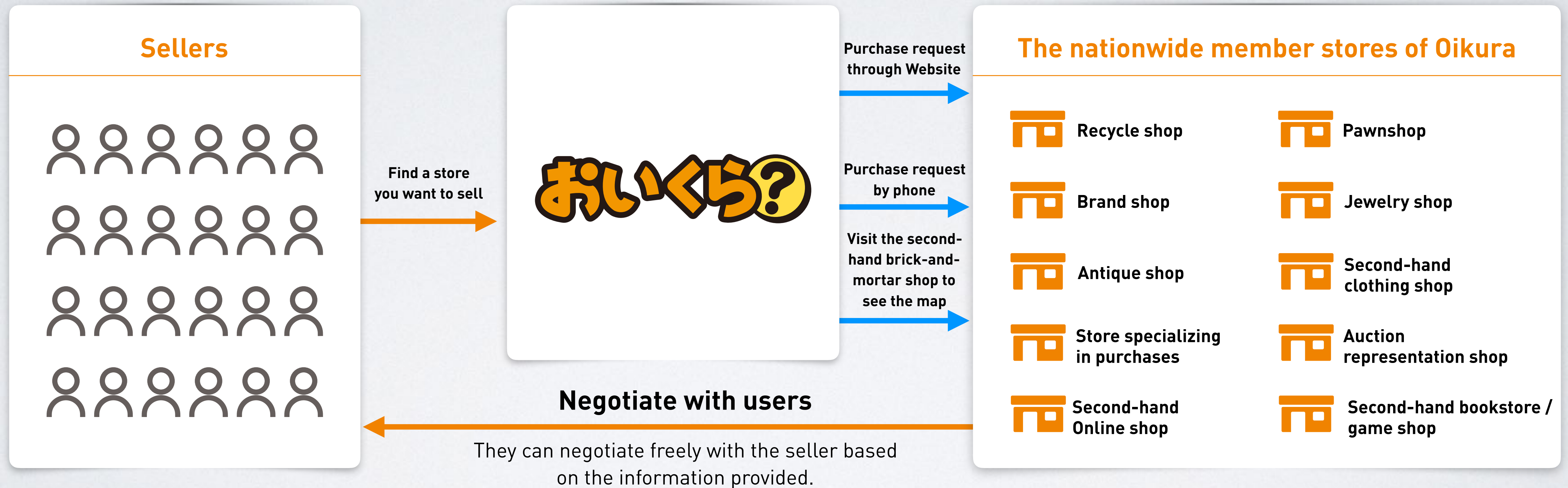
Source: Agricultural equipment: Ministry of Agriculture, Forestry and Fisheries/Construction equipment: Japan Construction Equipment Manufacturers Association  
/Medical equipment: Statistics of Production by Pharmaceutical Industry(Annual)  
Car:Our Japan Automobile Dealers Association, Japan Light Motor Vehicle and Motorcycle Association  
Used car ratio is based on number of units. Estimated from Car Sensor's "Used car purchase survey".

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# Platform "Oikura"

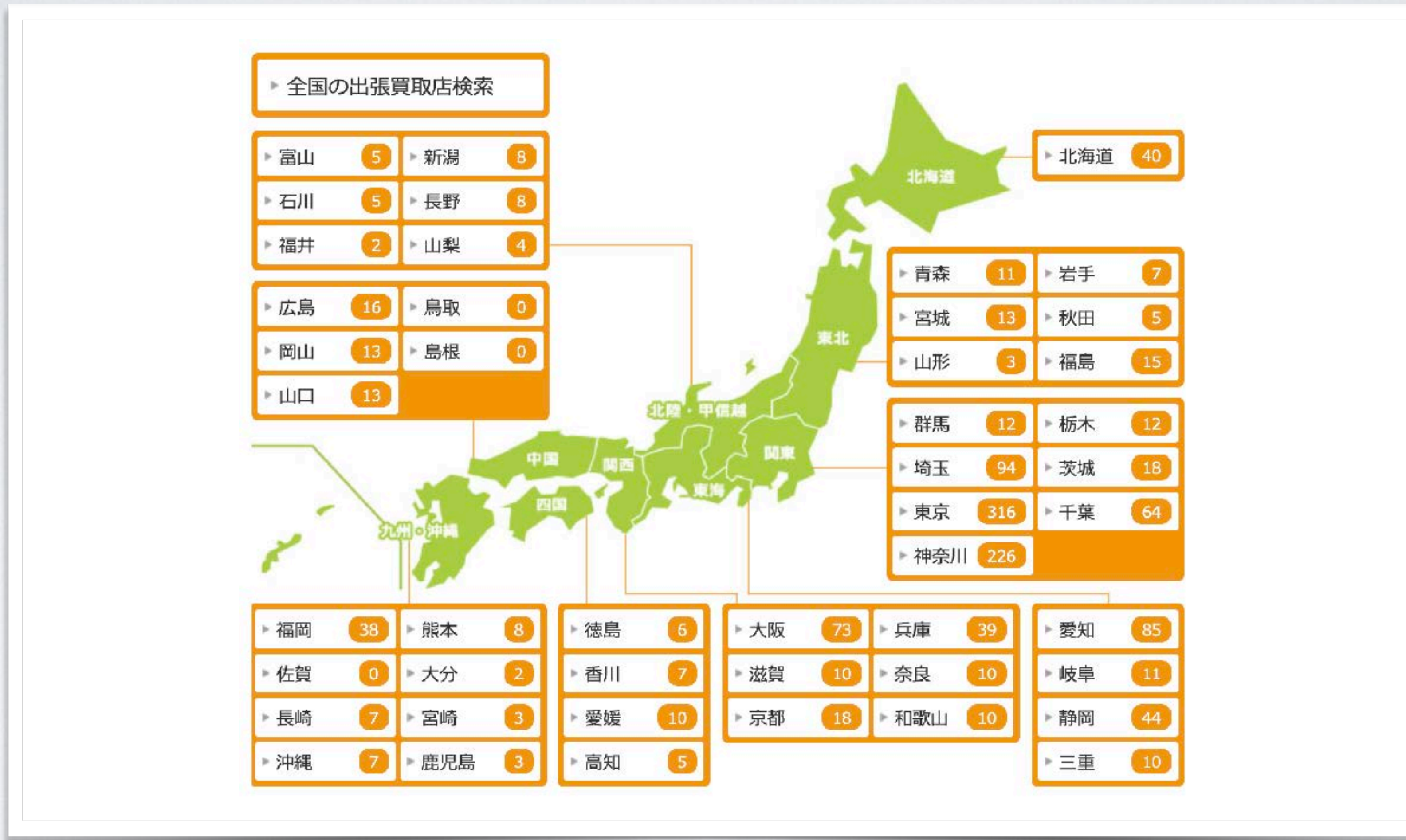
Acquired February, 2019

A nationwide matching platform for buyers and sellers of second-hand products



# Platform "Oikura"

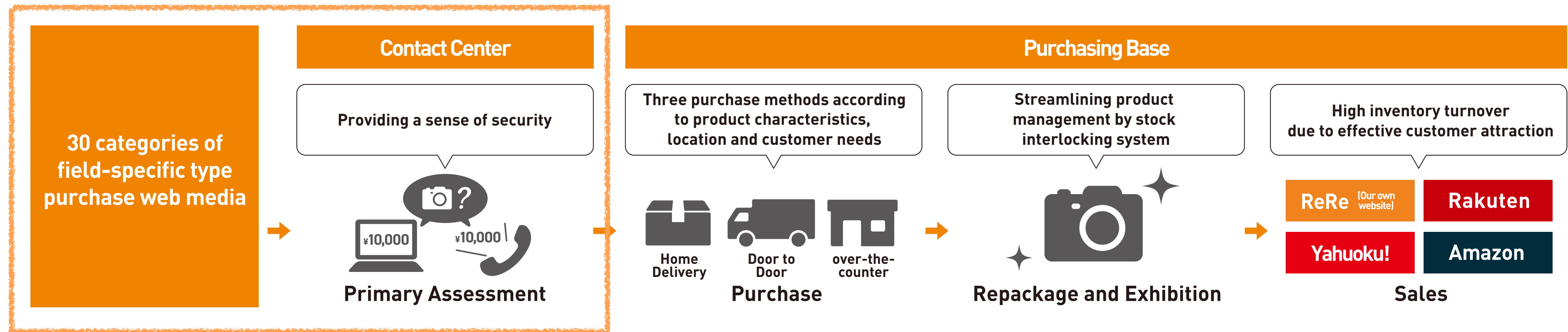
1,400 member stores all over Japan.



# Important Strategies: Purchase Request Linkage to Oikura

Invest in system development to seamlessly send customers to member stores of Oikura.

## Our current business flow



## New flow through "Oikura" collaboration

Send purchase requests that we cannot handle to member stores nationwide via Oikura.



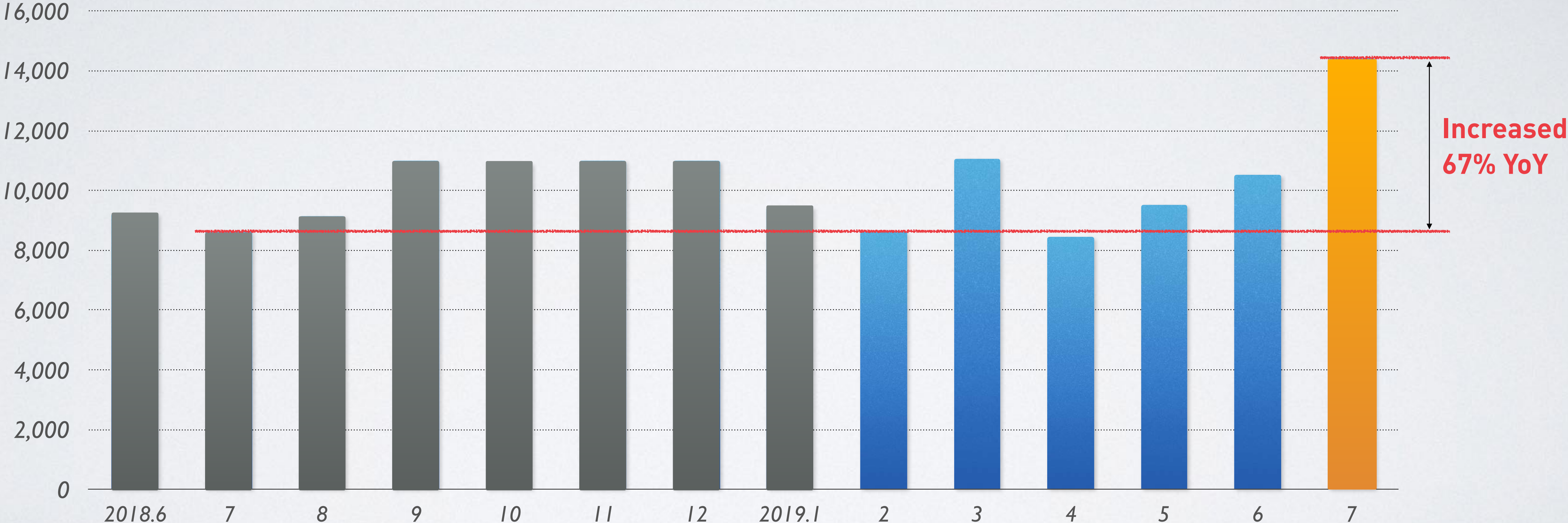


# The Trend of Customer Referrals by Oikura

After the linkage to Takakuureru.com in July 2019, the customer referrals number drastically increased by 67 percent in the same month for July. The expand and promotion of linkage system will be continuous.

### The Trend of Customer Referrals to be charged by Oikura

Unit: number of customer



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# Second-hand Online Business: Rental

We are going to expand the range of items we can deal with and promote to start another service for corporate.



# Second-hand Online Business: Alliance Cases

In addition to conventional purchasing service support and services for members, the network of partnerships with maker and retailers has expanded

## Purchasing service support



AMAZON

Rakuten

## Membership service



JAF

コープサービス



HEBELIAN NET.

ATLAS

HOME'S

Brillia

ライフなび  
ネットショッピング

## Support of maker purchasing

Panasonic Store

Electronic musical  
instrument manufacturers

TWINBIRD

## Support for purchasing in retail and wholesale industries

Major mail order  
company

Major medical equipment  
leasing company

FLYMEe

# Second-hand Online Business: SDGs

We are making various efforts to realize a sustainable world

We reduced 7,820 ton CO2 by second-hand trades.



Implementation of the system of Instrument Donation “Furusato nozei” provides quality education and promotes learning opportunities.



※“Furusato nozei” is a tax reduction given to taxpayers who donate to local municipalities.

Utilization of agricultural, construction, medical equipment in developing countries



The reduction of illegal trades with linkage to law enforcement agencies



Cleaning Mt. Fuji



# Second-hand Online Business: Contribution to Community

Calculate value with our assessment system

Effective use of second-hand instruments nationwide at schools and music organizations



## Participating municipalities

Inabe City, Mie from October, 2018

Higashikagura Town, Hokkaido from April, 2019

Kitamoto City, Saitama from July, 2019

Tomiya City, Miyagi from July, 2019

**NEW**



# Second-hand Online Business: Future Strategies

We promote furthermore strengthening of linkage with our platform and existing initiatives.

**Strengthening of linkage  
with our platform**

**Considering expansion of  
new fields in the  
professional market,**

**Establishment of new purchasing base  
Standardization of operation  
Improvement of inner by IT introduction**

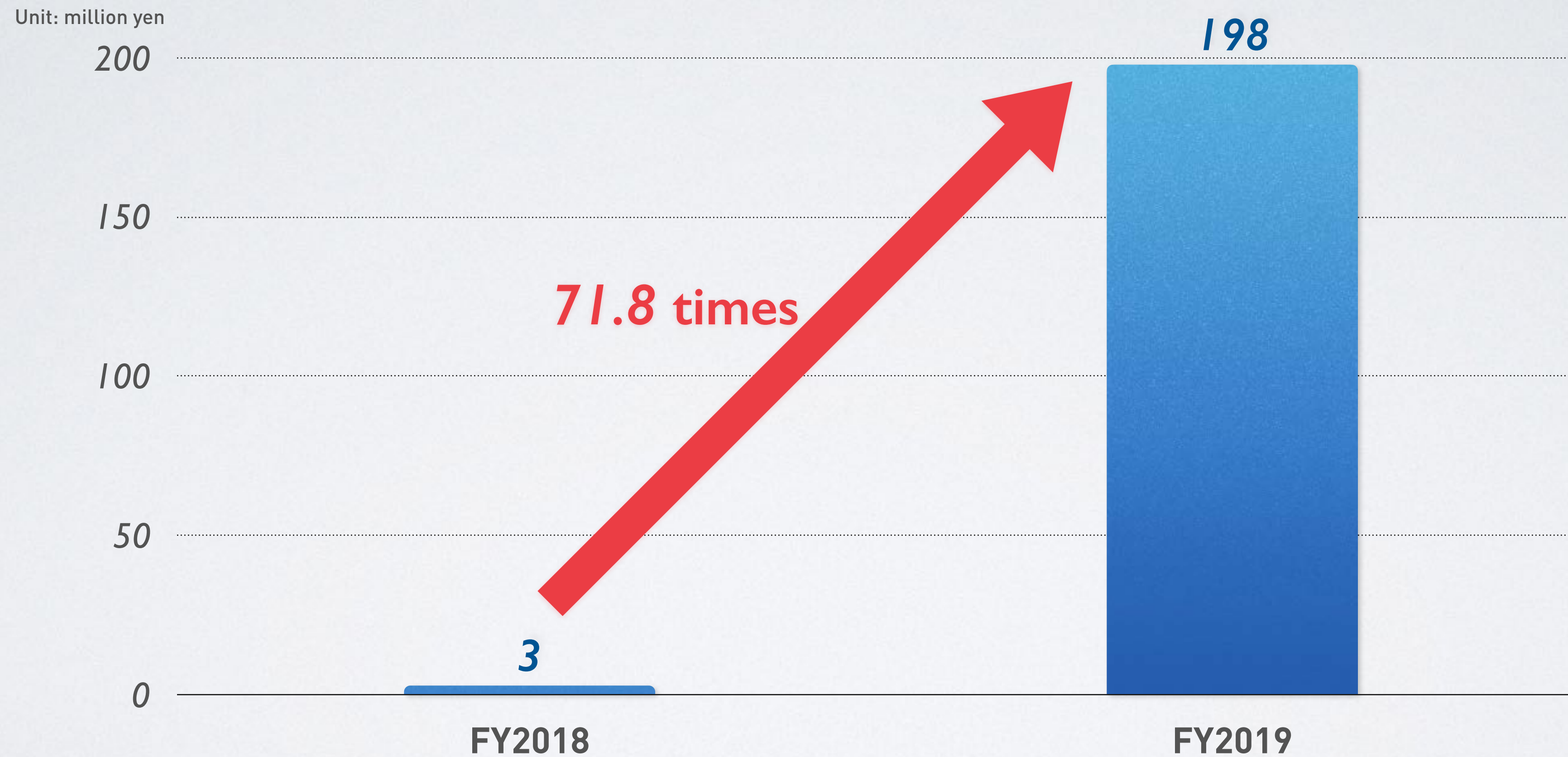
**Expand inventory purchasing of makers  
Strengthen business alliance**

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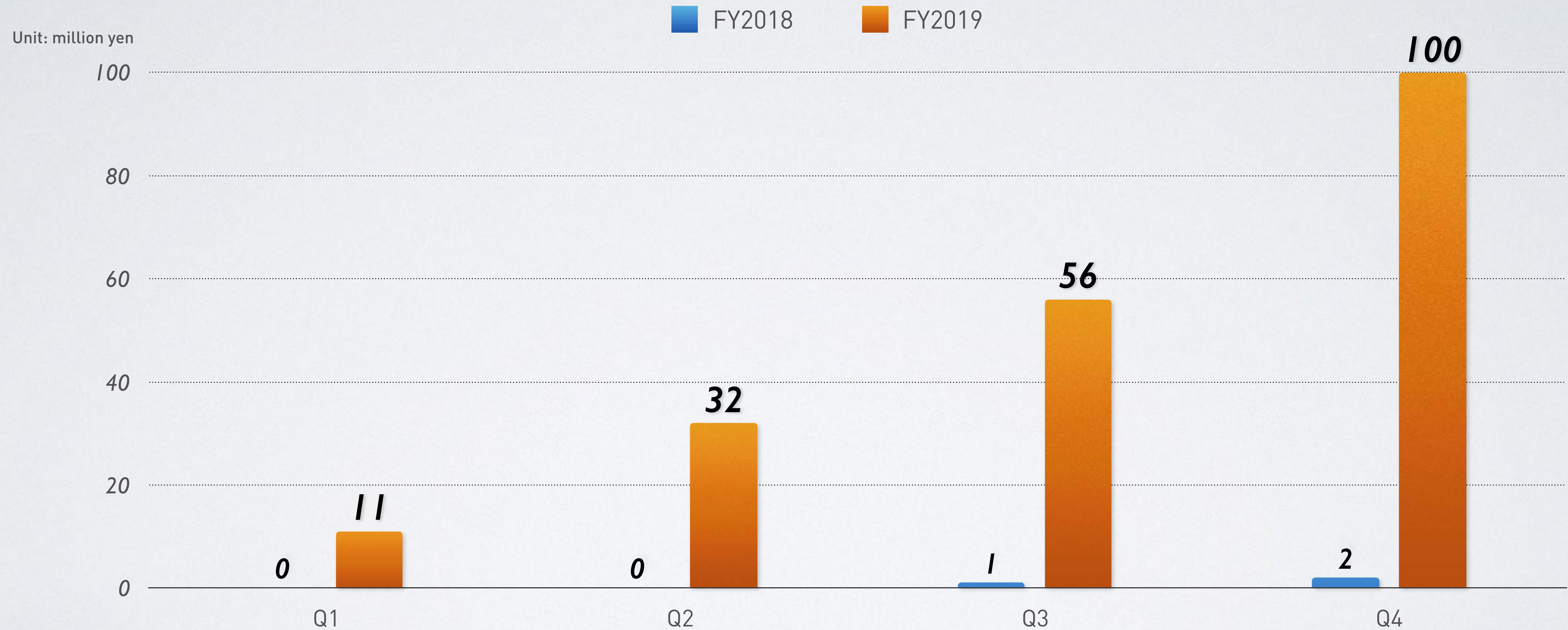
# Media Business: Sales

Sales increased by 71.8 times.



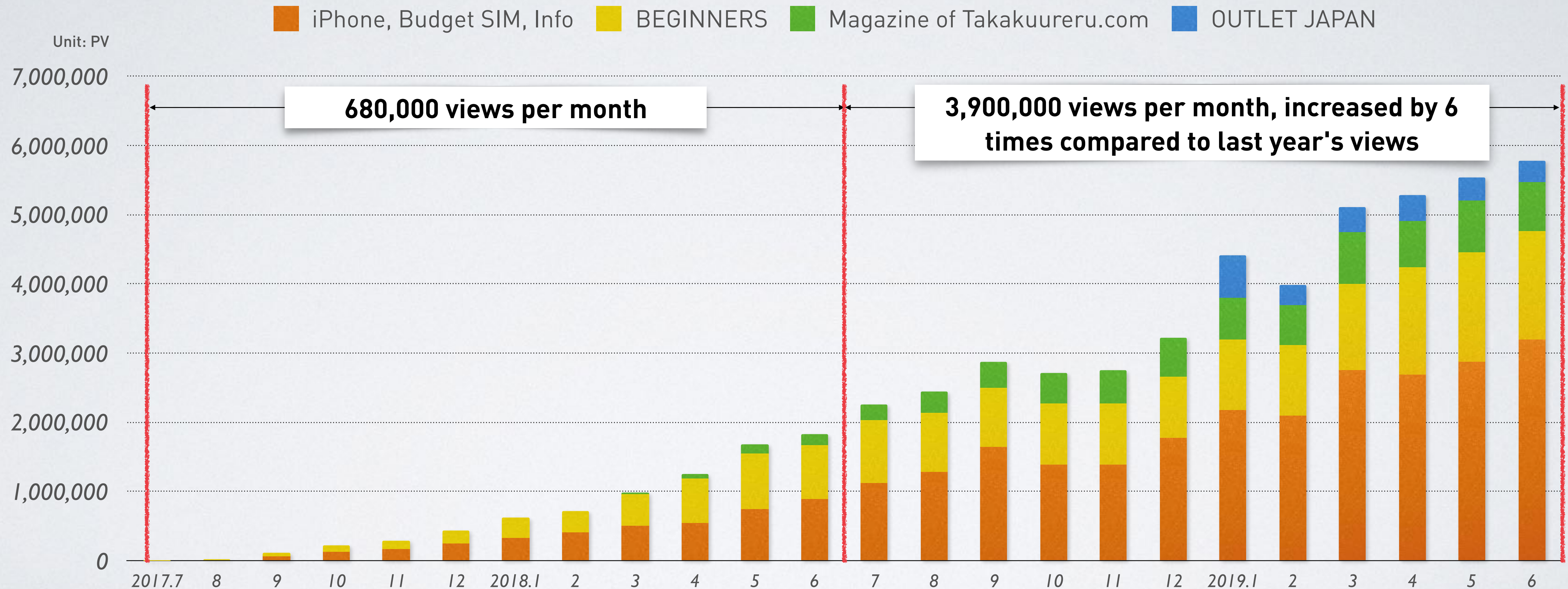
# Media Business: Trend of Performance by Quarter

Income by referrals with increasing of page views goes up steadily.



# Media Business: Trend of Page View

Radical expansion centering to telecommunication field.



# Media Business: Acquisition of SIMCHANGE (Acquired August, 2019)

The purpose of the acquisition is as follows.

- Responding to increased demand for second-hand cell phone due to SIM unlock (from September, 2019)
- The strategy of multi-domain
- Acquire contents

## Responding to increased demand due to SIM unlock

### The second-hand cell phone market

Japan's second-hand cell phone market is low compared to the UK and North America

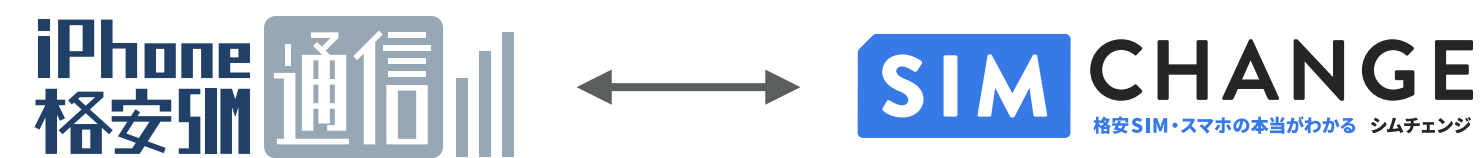


### The trading volume of second-hand cell phone

- Japan: 1.4 million
- U.K.: 9.0 million
- North America: 13 million

## The strategy of multi-domain

### Comprehensive capture of growth areas



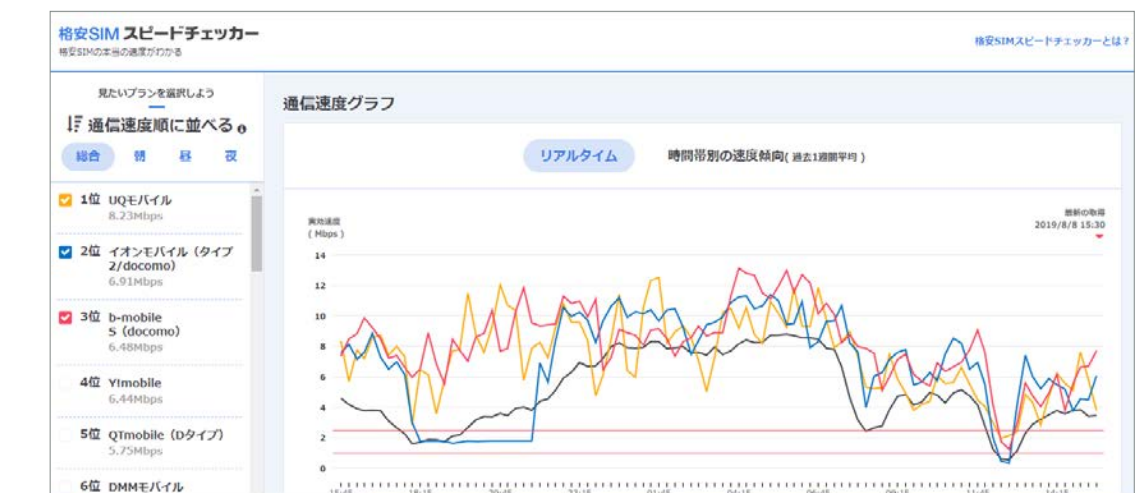
- Improving ranking with multiple target words
- Sharing article creation know-how
- Standardization of website operation

### Increase exposure

(Page View in July 2019: 770 thousand)

### Risk diversification

## Content acquisition



### Budget SIM Speed Checker



### Budget SIM comparative diagnosis

# Media Business: Future Strategy

Strengthening the basis of business with expanding market of telecommunication field

**Catch up needs with SIM unlock trend by cooperating with SIMCHANGE**

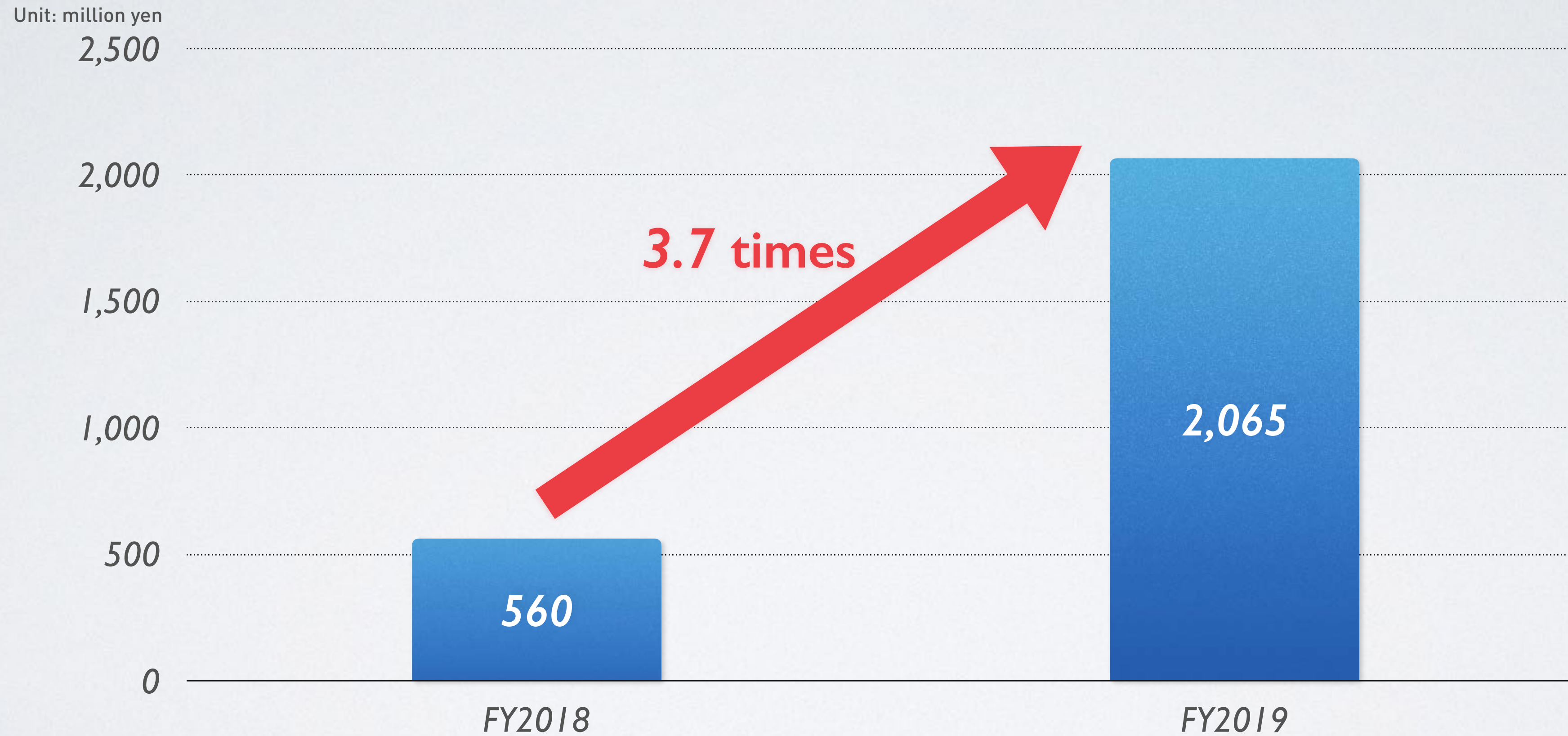
**Expand fields**

**Strengthen the competitiveness of our media**

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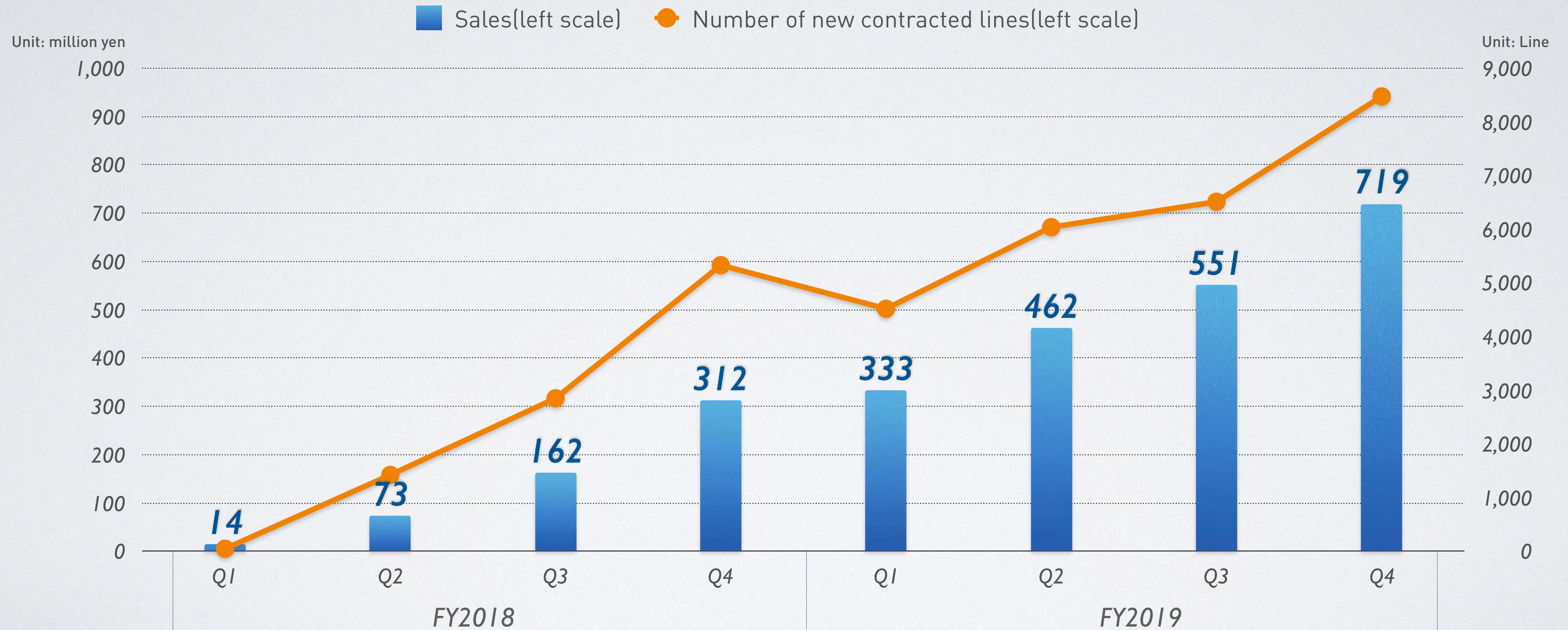
# Telecommunication Business: Sales

Sales increased by 3.7 times



# Telecommunication Business: Trend of Performance by Quarter

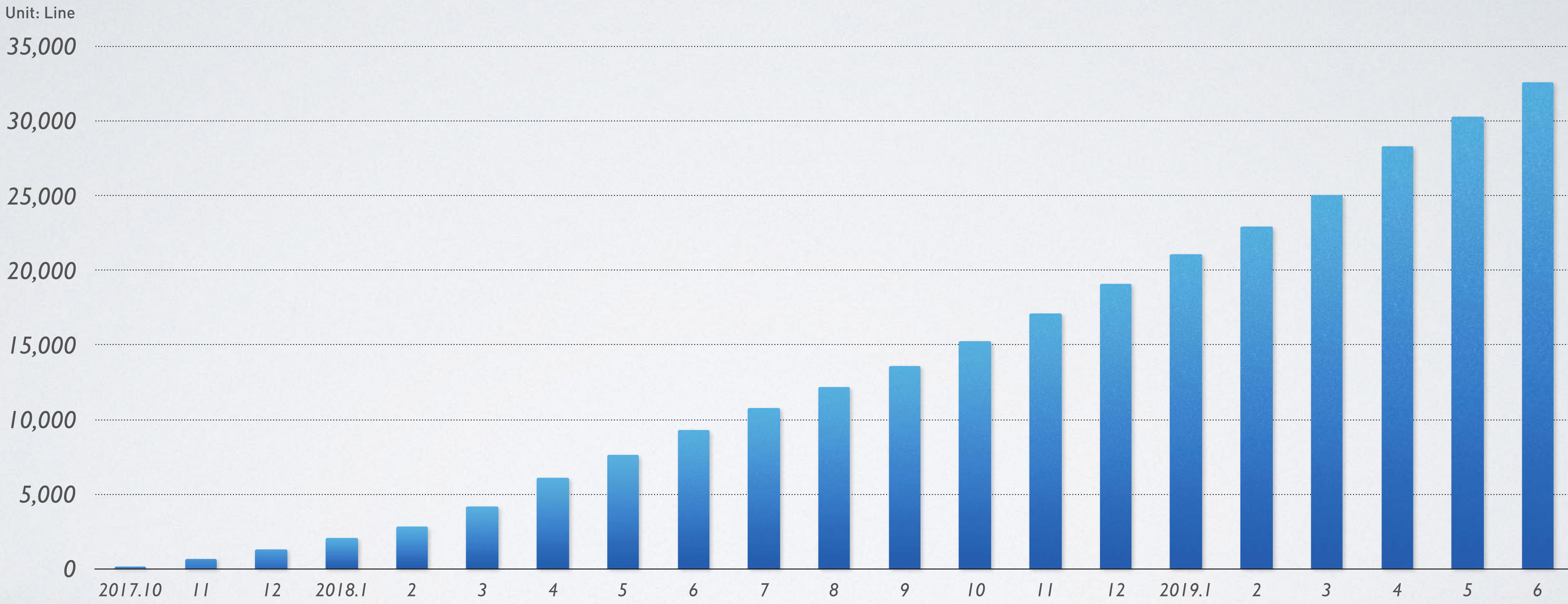
Performance changed radically by aggressive marketing strategy.





# Telecommunication Business: Trend of Number of Possessing Lines

The number of our possessing lines went over 30,000 on June 2019,  
and monthly stock income increased over 100 million yen.



# Telecommunication Business: Future Strategy

While acquiring new customers, we will strengthen the business basis with the drastic growth.

**Catch up needs with ADSL end  
(After 2023)**

**Strengthen marketing and branding**

**Improving the operation**

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# FY 2020 Earning Forecast

Sales will increase in all three businesses.

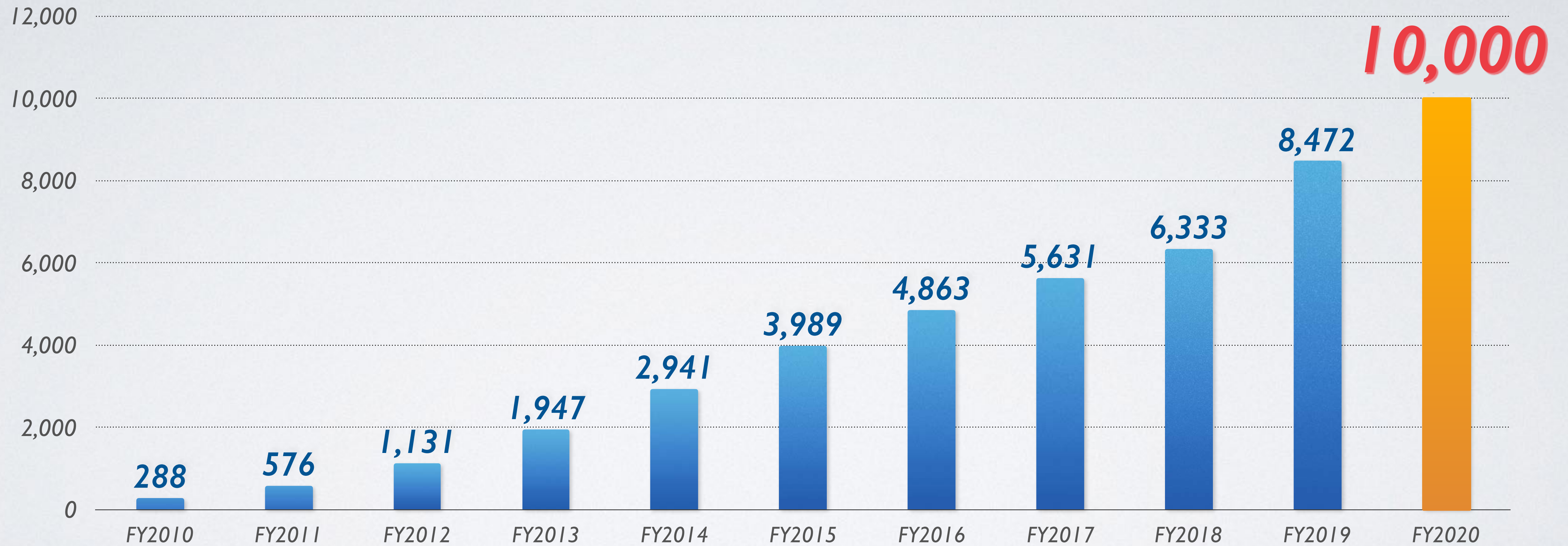
As to profit, we plan to make an up-front investment in things connecting to growth since the next year and to break our best record of profit.

Unit: million yen	FY2018	FY2019	YoY
Net sales	8,472	10,000	+18.0%
Operating profit	452	600	+32.7%
Ordinary profit	455	602	+32.2%
Profit attributable to owners of parent	203	270	+32.5%

# The Trend of Consolidated Sales

Our sales continue to increase for 14 years since founding.  
Sales will reach 10 billion yen

Unit: million yen



# The Trend of Consolidated Operating Profit

We expect to continuously update record high profit

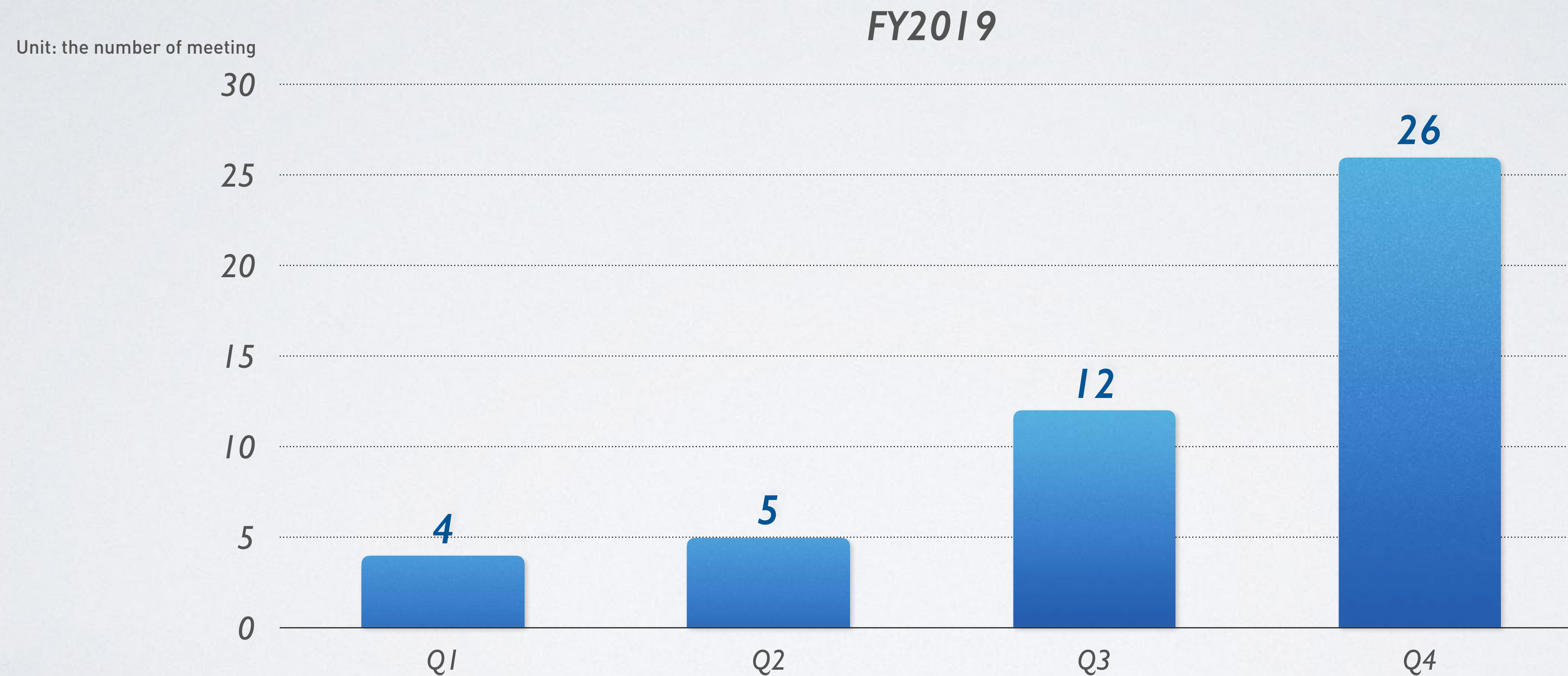


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# About Our IR Activity: the trend of the number of meeting with institutional investors

We are strengthening communication with investors





## **About Our IR Activity: Our message**

We are strengthening communication with investors.  
You have any questions at today's briefing or need contact,  
please contact us below. I would like to give you an explanation.

**[ir@marketenterprise.co.jp](mailto:ir@marketenterprise.co.jp)**

We look forward to your continued support for our IR activities.

# becoming Optimized trading company based on second-hand



# Disclaimer

MarketEnterprise Co., Ltd. created these materials to assist investors by providing reference information with the goal of greater understanding of our company's current situation. The contents of these materials were written based on generally recognized economic, social, etc. conditions at the time as well as certain assumptions judged to be logical by our company, but contents may be changed without notice due to reasons such as changes in business environments.