

Disclaimer:

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Notice of Succession of the Oikura Business by Company Split
(Simplified Absorption-type Split)

The Board of Directors of MarketEnterprise Co., Ltd. approved a resolution today to receive the Oikura business of Proto Corporation by using the company split method with the effective date of February 1, 2019 (tentative). Oikura business operates a comprehensive reuse information website and is part of the lifestyle information operations of Proto.

Since this company split corresponds to simplified absorption-type split to which the provision of Article 796, Paragraph 2 of the Companies Act applies, the disclosure of certain items and details has been omitted from this announcement.

1. Purpose of the company split

MarketEnterprise operates a reuse business that uses only the Internet and requires no stores for selling merchandise. MarketEnterprise currently operates 30 purchasing websites that specialize in specific categories of merchandise, including the comprehensive purchasing website takakuureru.com (<https://www.takakuureru.com/>). There is also a nationwide network of locations for purchasing reuse items. Since its inception, MarketEnterprise has grown steadily by establishing an innovative business model that combines IT and real elements at a very high level. Due to the success of this business model, there are now more than 40,000 requests to purchase items every month. In all, the MarketEnterprise Group has served more than 2.6 million customers.

Proto is a leading company which operates Goo-net and other businesses that provide information concerning automobiles. Proto uses this expertise to operate businesses involving lifestyle information, too. Oikura (<https://oikura.jp/>), a comprehensive reuse information website that MarketEnterprise will receive this time, is part of the lifestyle information business and one of the largest services in Japan for comparisons of purchase prices of used household items, using a process that matches consumers with reuse shops throughout Japan. Currently, approximately 1,400 reuse shops in Japan are affiliated with Oikura.

MarketEnterprise made the decision to receive the Oikura business from Proto, using the absorption-type company split method, primarily for the following two purposes.

(1) Increase profitability by establishing a reuse platform

MarketEnterprise receives a large volume of requests from customers to purchase reuse items. However, it is not possible to purchase these items in some instances because of restrictions involving the customer's location, the type of product or other aspect of the purchase request. As a result, MarketEnterprise is forced to turn down a certain percentage of requests to purchase reuse items. For many years, MarketEnterprise has been seeking ways to accept these types of purchase requests in order to serve more customers and increase earnings. Acquiring Oikura will make it possible to use the nationwide network of the Oikura affiliated reuse stores in order to handle purchase requests that currently cannot be accepted. With Oikura, MarketEnterprise will have the capability to meet a broader range of customer needs. Furthermore, adding this business is expected to increase profitability by minimizing lost opportunities to serve customers.

(2) Establish a new source of earnings

The Internet reuse business accounts for the majority of the earnings of the MarketEnterprise Group. Management believes that diversifying the group's profit structure will be vital to the group's ability to maintain its sustained growth and the stability of business operations. In one step to achieve this diversification, in the current fiscal year MarketEnterprise has started the operation of media by utilizing its reuse business Internet marketing expertise. The goal is to use media for the creation of another earnings source. MarketEnterprise believes that earnings from the Oikura business will make a contribution to the establishment of foundation of the reuse media platform, which will speed up the establishment of this new source of earnings.

2. Summary of the company split

(1) Schedule of the company split

Board of Directors' resolution (Proto)	December 19, 2018
Board of Directors' resolution (MarketEnterprise)	December 19, 2018
Contract signing	December 19, 2018
Planned date of the company split (effective date)	February 1, 2019 (tentative)

Note: Since this company split corresponds to simplified absorption-type split to which the provision of Article 796, Paragraph 2 of the Companies Act applies, the company split will be implemented without receiving the approval of shareholders.

(2) Method of the company split

An absorption-type company split in which Proto is the splitting company and MarketEnterprise is the successor company.

(3) Details of allotments related to the company split

MarketEnterprise plans to pay 75 million yen to Proto as a consideration for the company split.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights accompanying the company split

Not applicable.

(5) Deduction of capital

There will be no change in the capital stock of MarketEnterprise due to the company split.

(6) Rights and obligation to be transferred

Rights and obligations such as assets, liabilities and contractual positions regarding the company split that are prescribed in the absorption-type company split contract will be transferred to MarketEnterprise.

(7) Prospect of fulfillment of obligations

MarketEnterprise believes that there is no difficulty in fulfilling obligations it undertake for the company split.

3. Basis of allotments related to the company split

The amount of the payment for this company split was decided through consultations and negotiations with Proto, based on the market value of assets and liabilities to be transferred as well as the value of the business unit to be transferred determined by taking into consideration the business's performance trends.

4. Overview of companies involved in the company split

	Successor company (MarketEnterprise)	Splitting company (Proto)
(1) Company name	MarketEnterprise Co., Ltd.	Proto Corporation
(2) Location	3-14, Kamezawa 3-chome, Sumida-ku, Tokyo	23-14, Aoi 1-chome, Naka-ku, Nagoya City, Aichi
(3) Representative	Yasushi Kobayashi, President	Kenji Kamiya, President
(4) Business	Internet reuse business that uses only the Internet and requires no stores for purchasing and selling merchandise	Provision of information about automobiles (new and used cars, parts, accessories, etc.) and lifestyle information
(5) Capital	305 million yen	1,824 million yen
(6) Established	July 7, 2006	June 1, 1979
(7) Number of shares outstanding	5,098,600 shares	20,940,000 shares
(8) Fiscal year end	June 30	March 31
(9) Major shareholders and shareholding ratio	WWG Co., Ltd. 31.38% Yasushi Kobayashi 26.28%	Mugen Corporation 33.93% JPLLC Client Safekeeping Account 6.59%

Results of operations and financial position for the most recent fiscal year

(Millions of yen)

	MarketEnterprise (Consolidated/(Japanese GAAP))	Proto (Consolidated/(Japanese GAAP))
Fiscal years	Year ended June 30, 2018	Year ended March 31, 2018
Net assets	976	25,977
Total assets	1,829	44,417
Net assets per share (Yen)	185.47	1,293.62
Net sales	6,333	62,111
Operating profit	96	3,674
Ordinary profit	94	3,735
Profit attributable to owners of parent	31	519
Net income per share (Yen)	6.28	25.89

5. Overview of the business unit to be split or transferred

(1) Business

Oikura business which operates a comprehensive reuse information website

(2) Results of operations

Net sales: 166 million yen (Fiscal year ended March 31, 2018)

(3) Asset and liabilities to be split or transferred and their carrying amount

(Millions of yen)

Assets		Liabilities	
Items	Carrying amount	Items	Carrying amount
Current assets	15	Current liabilities	18
Non-current assets	6	Non-current liabilities	-
Total assets	21	Total liabilities	18

Note: The assets and liabilities to be transferred to MarketEnterprise are based on balance sheet figures as of September 30, 2018. The actual amounts of these assets and liabilities will be finalized after adjusting for increases or decreases between the date and effective date of the company split.

6. Post-company split details

Following this company split, there are no changes to the trade name, business, head office location, representative, capital and fiscal year end of MarketEnterprise and Proto. Net assets and total assets are not finalized at this time.

7. Outlook

At this time, MarketEnterprise believes that the company split will have only a negligible effect on consolidated results of operations. An announcement will be made promptly if there is a need to revise the forecast or make other changes due to this transaction.

A nationwide matching platform for buyers and sellers of reuse products

People selling used items

Product registration

Internet purchase request

Reuse store search

Telephone purchase request

Oikura affiliated reuse stores

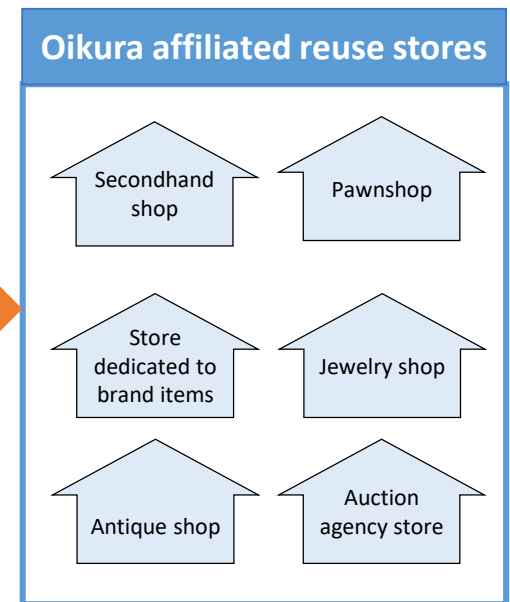


■ Synergy (1)

MarketEnterprise can use Oikura to handle reuse purchases that cannot currently be accepted due to restrictions involving a customer's location, the type of product or other item.



Monthly average of
15,000
transactions



■ Synergy (2)

With Oikura, MarketEnterprise can establish a platform able to meet a diverse array of customer needs by combining its operations that handle the highest volume of reuse purchase requests in Japan with the more than 1,400 reuse stores nationwide that are affiliated with Oikura.

Monthly average purchase requests



Before addition of Oikura

After addition of Oikura