



MarketEnterprise Co., Ltd.

FY2019 2Q
Financial Results Briefing
Ending June 30, 2019



Security code TSE:3135

Agenda

- **Growth Strategy**
- **Recognition of the Current Economic Situation and Future Tactics**
- **Financial Highlights FY2019 2Q**
- **Earning Forecast**

1

Growth Strategy

What is MarketEnterprise?

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

MARKET + ENTERPRISE (adventurous creation)

What is "Optimized trading company"?

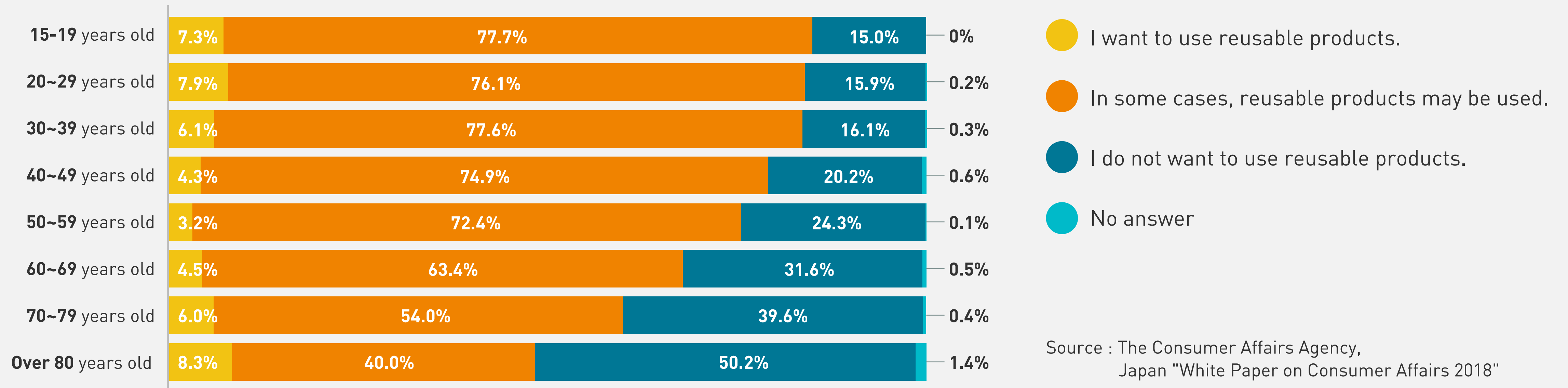
A company that can offer various options to the consumer seek to smart.

What is "Smart Consumption"?

The change of consumer value

- ◆ The sense of resistance against reuse goods has faded.
- ◆ From satisfaction with ownership to satisfaction with use.
- ◆ To the consumption pattern that asks for something that suits themselves
- ◆ The need to turn into money what they bought is high. Consumers who are aware of resale value are expected to increase.

Q What do you think about using reusable products?
Please choose one that is close to your way of thinking.

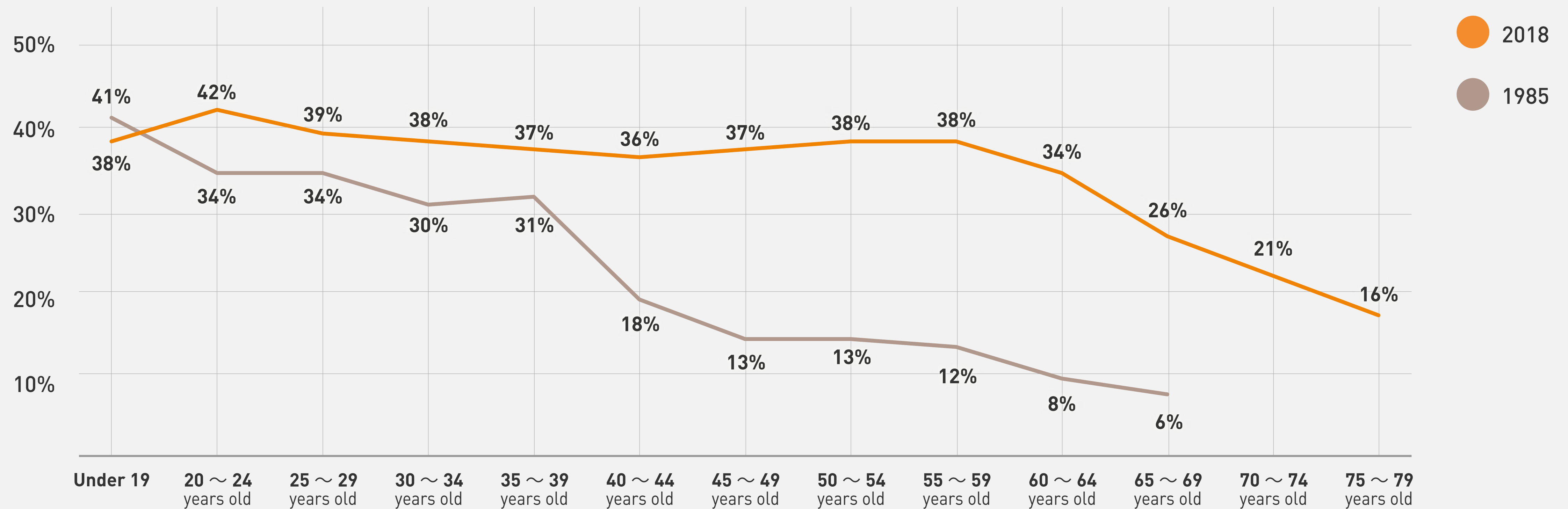


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- Q** **A.** There is no resistance to renting or leasing, that is, to borrow things in exchange for money.
B. I would like to buy what I use and make it my own.

Rate of answer that it is close to A



Source : Nomura Research Institute, Ltd. "Changes in Japanese Values and Consumption Behavior in the 10,000 Consumer Questionnaire (8th)"

The change of consumer value

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The change of consumer value

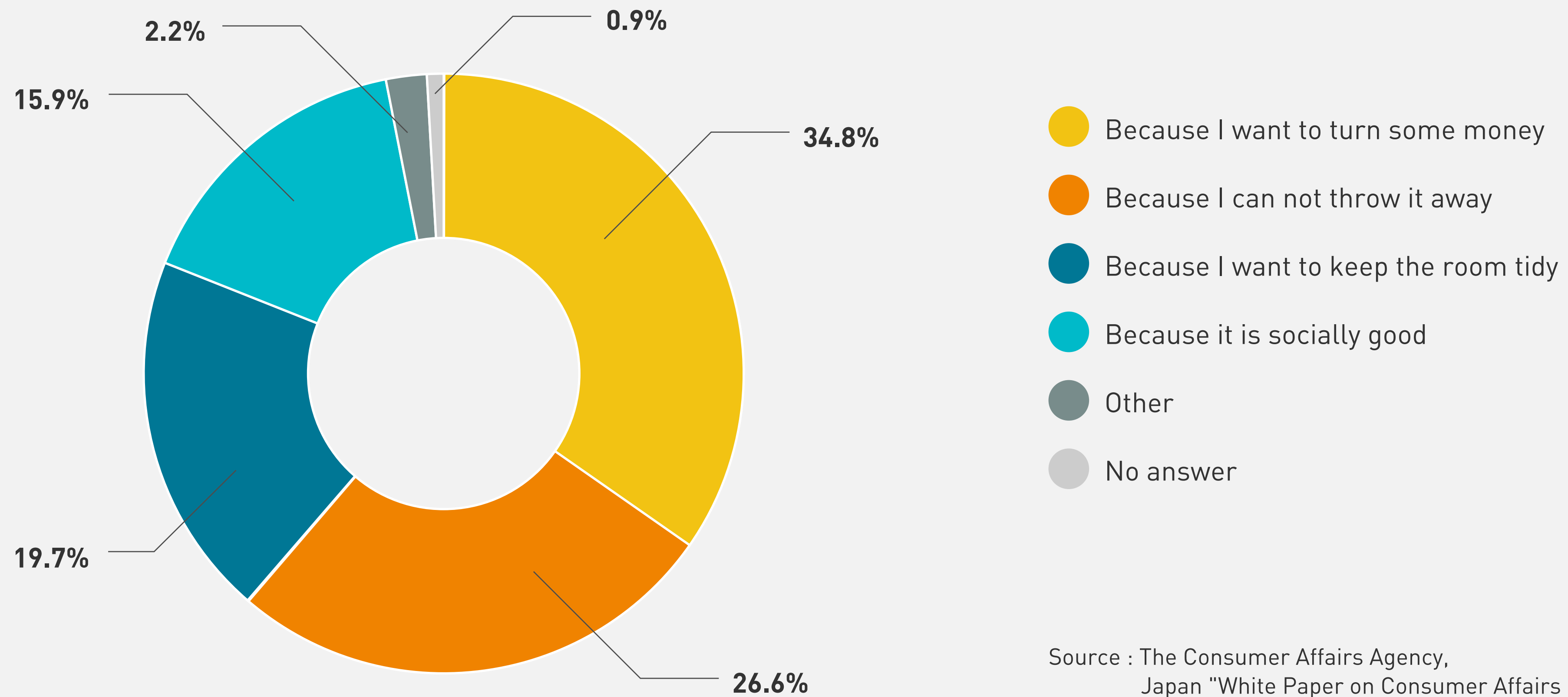


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The change of consumer value

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Q What is the reason why you want to reuse or turn unwanted items? Please choose one closest to the following.

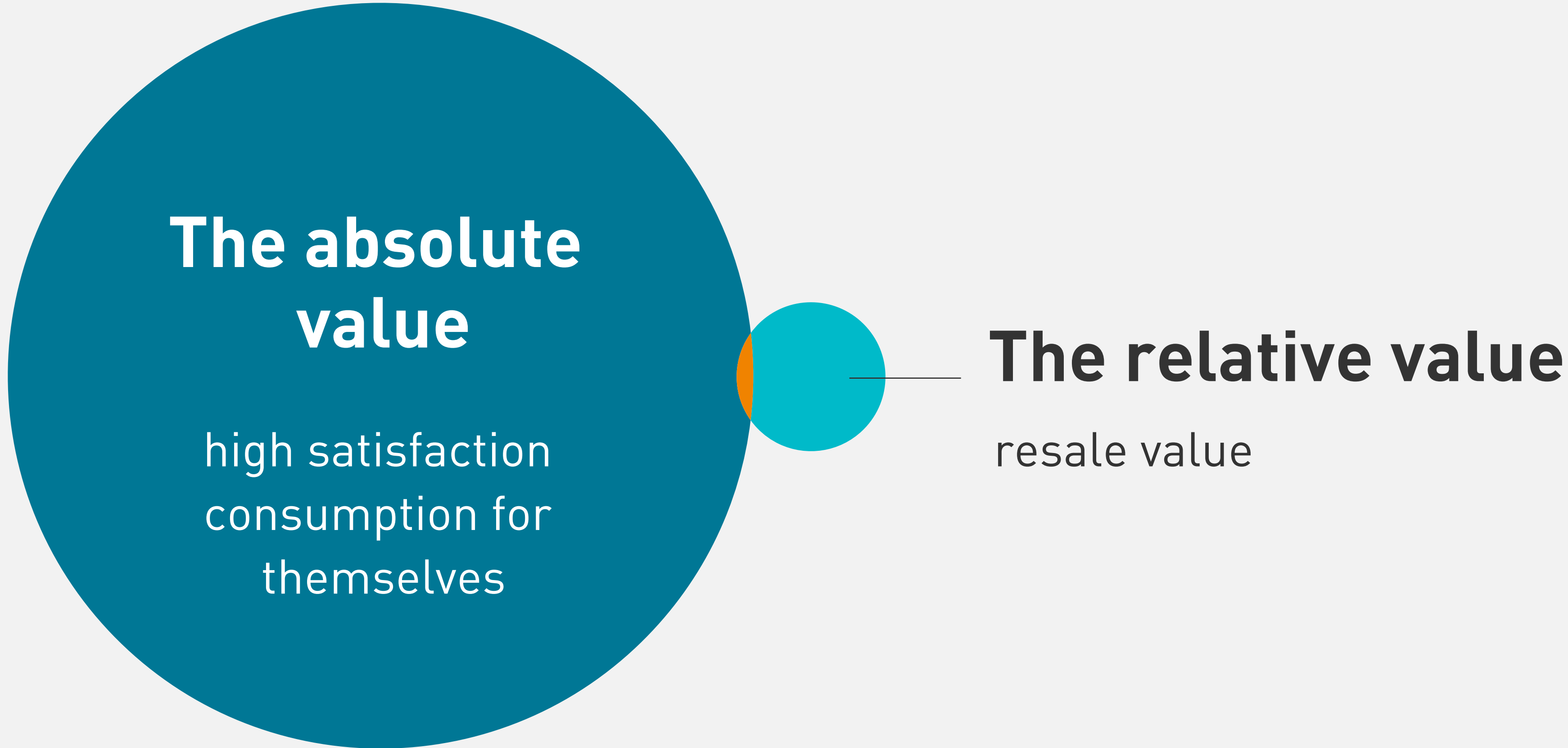


Source : The Consumer Affairs Agency,
Japan "White Paper on Consumer Affairs 2018"

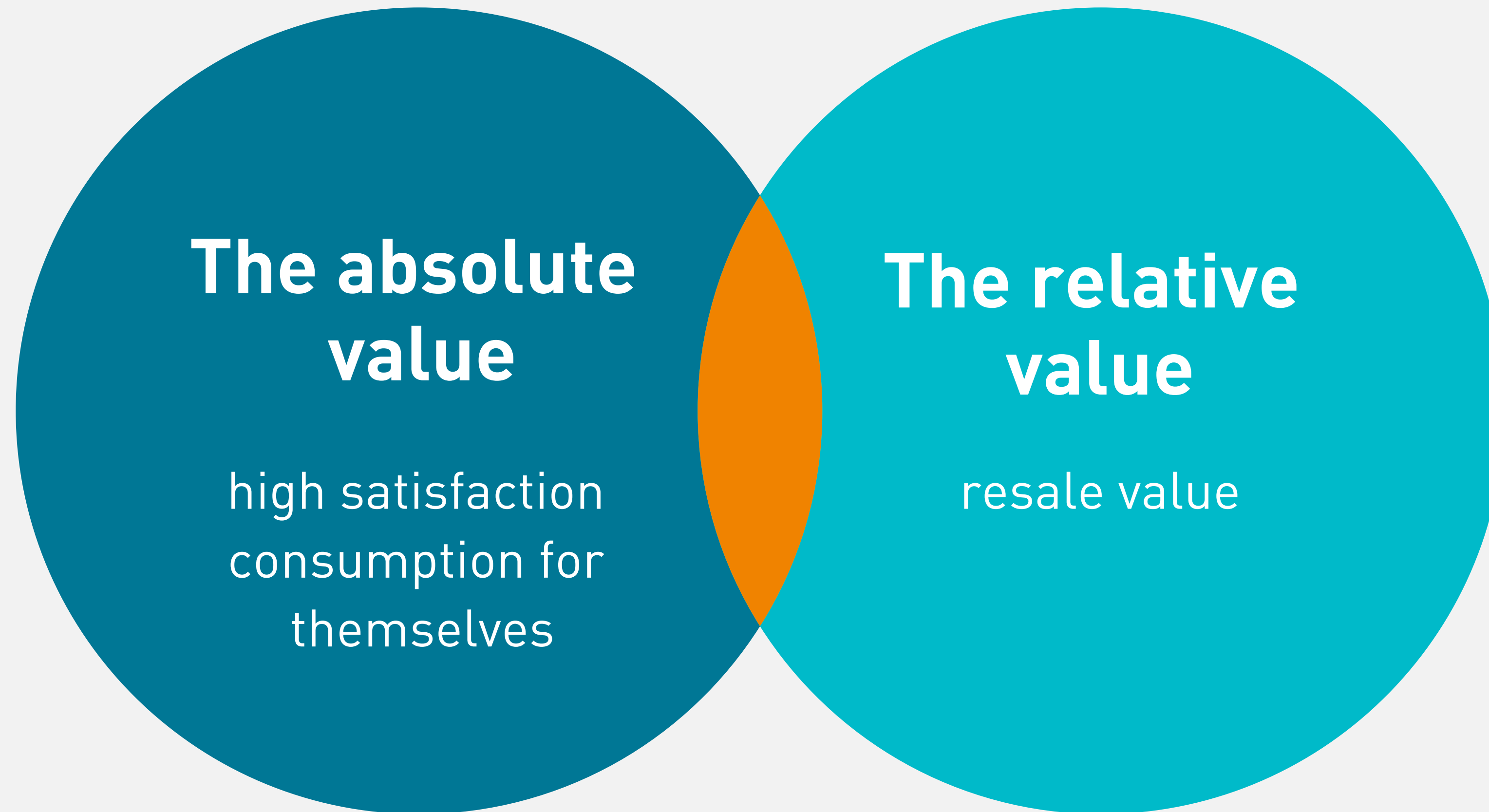
What is the "Smart Consumer" we think about?

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

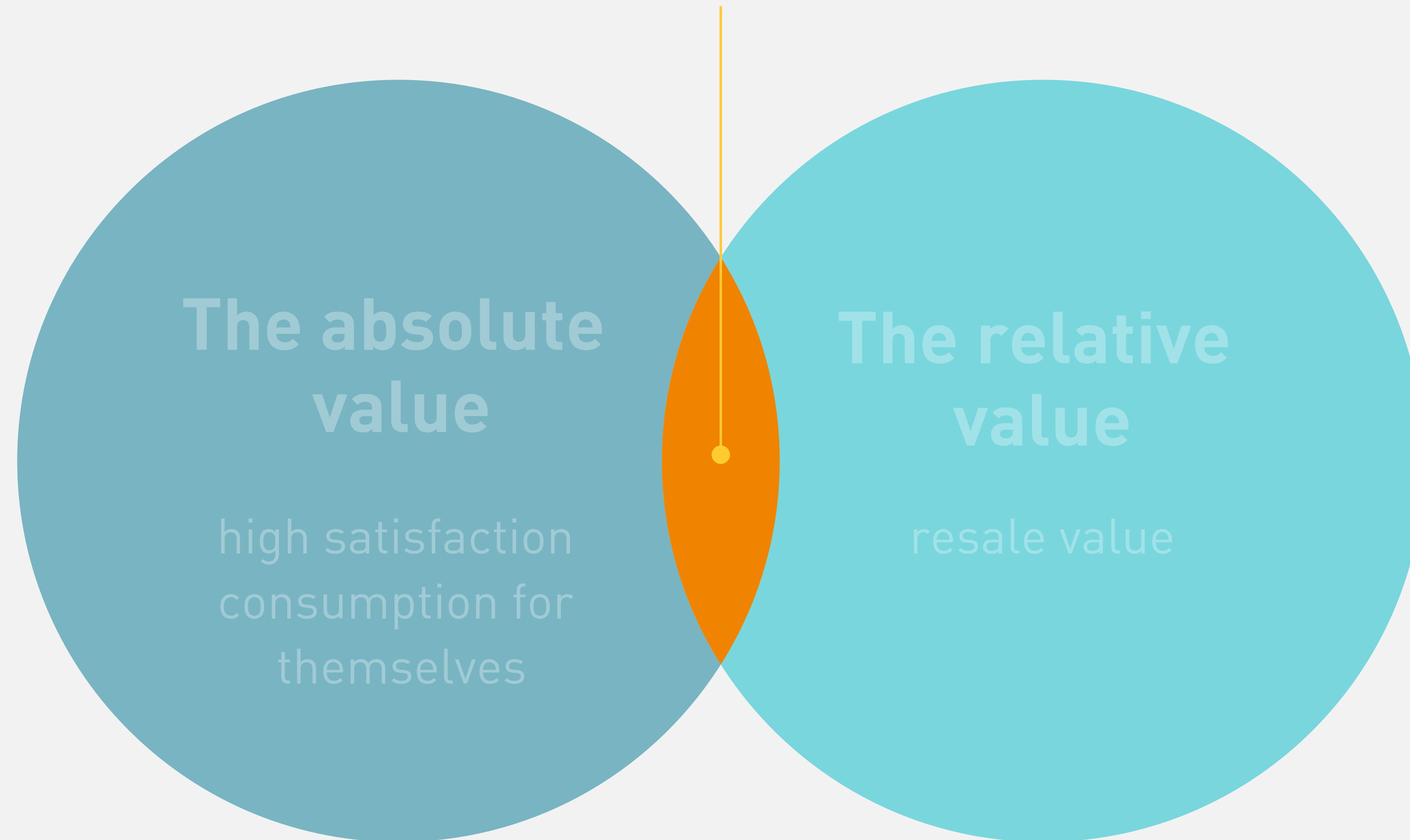
Although a small number of consumers were aware of relative value (resale value) ...



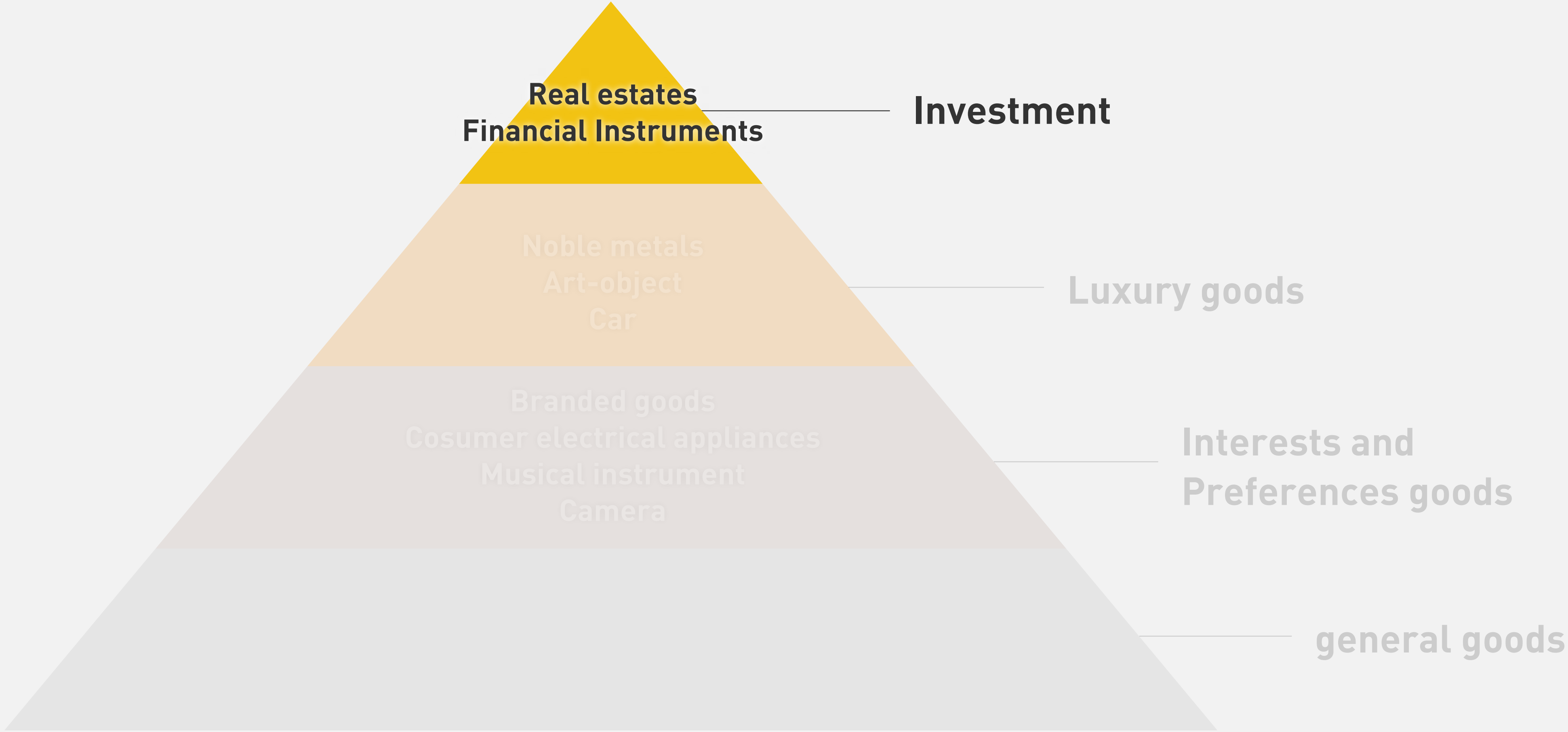
These consumers are increasing



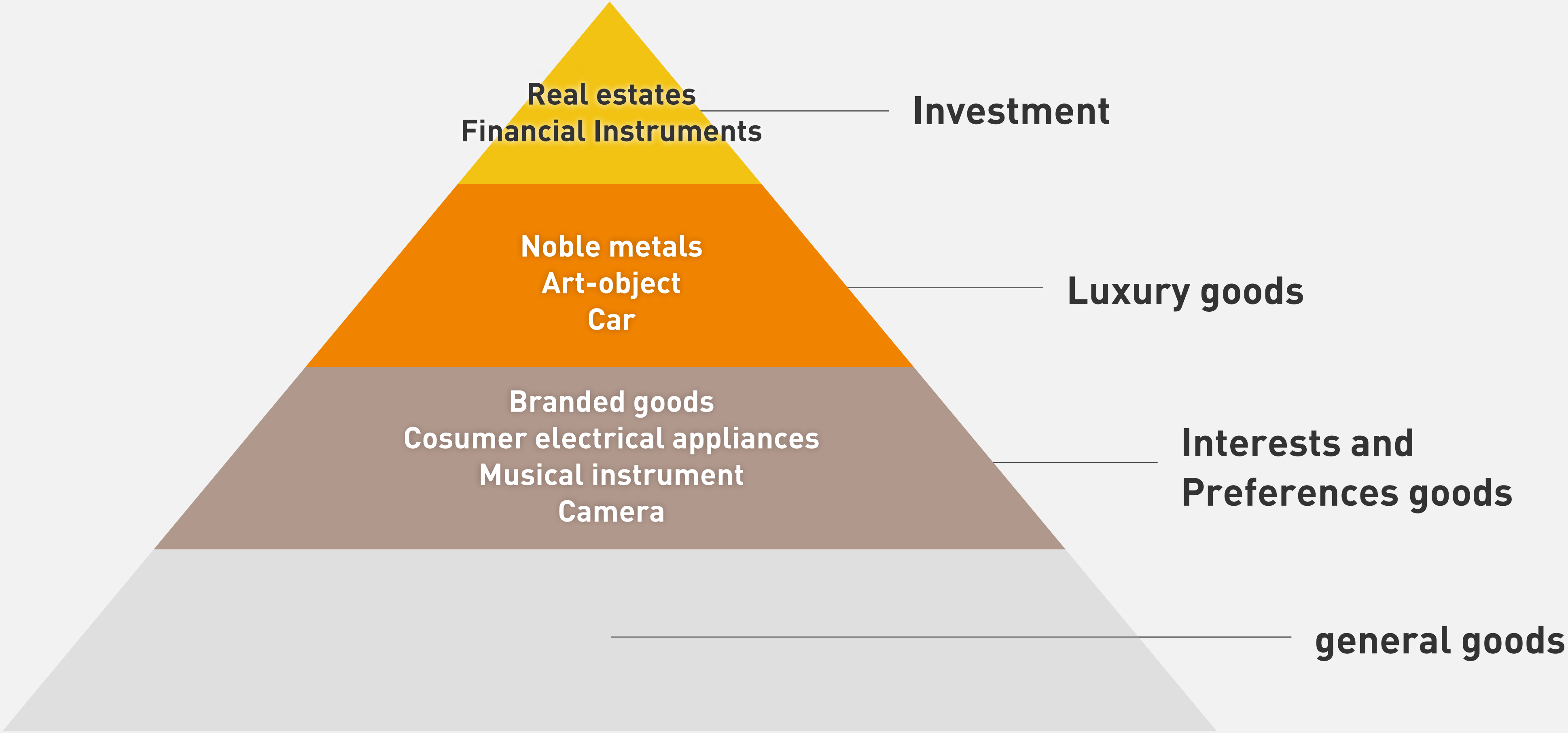
Smart Consumer



Target purchases that are aware of resale value are increasing.



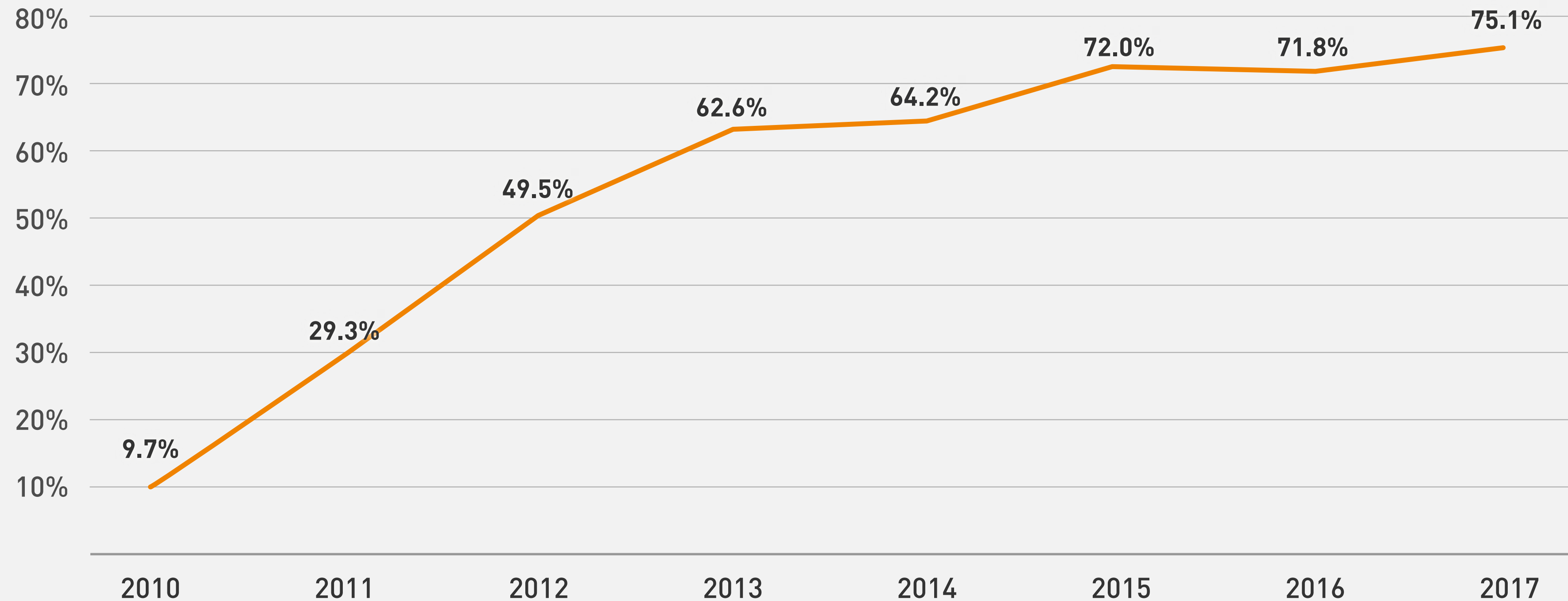
Target purchases that are aware of resale value are increasing.



The penetration rates of Smartphone

Explosive spread of smartphones contributes to increase of smart consumers

Household penetration rate of Smartphone



Source : Ministry of Internal Affairs and Communications, Japan "WHITE PAPER Information and Communications in Japan 2018"

Providing services to the growing number of smart consumers

We have built the business portfolio necessary for that.

Elements required for business portfolio

Platform

**Merchandise and
trading method**

Information
Media

IT skills

Our business portfolio Till 2014

Platform

Merchandise and trading method

General merchandise purchase
For individual



Information Media

IT skills

Our business portfolio From 2015 to 2016

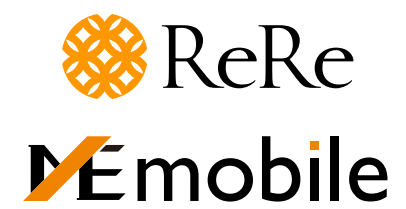
Platform

Merchandise and trading method

General merchandise purchase
For individual



General merchandise trade



Information Media

IT skills

Our business portfolio At 2017

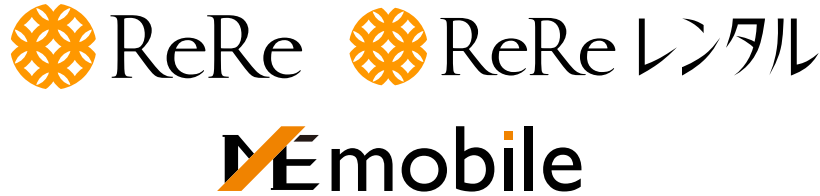
Platform

Merchandise and trading method

General merchandise purchase
For individual



General merchandise trade



Specific merchandise
For corporate



Information Media

Information on trading method



Information on consumption trends



IT skills

Our business portfolio At 2018

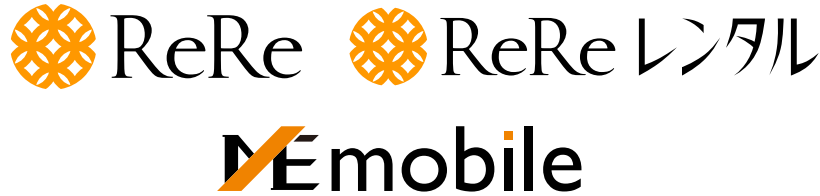
Platform

Merchandise and trading method

General merchandise purchase
For individual



General merchandise trade



Specific merchandise
For corporate



Information Media

Information on trading method



Information on consumption trends



IT skills

Our business portfolio From the end of 2018 to Early 2019

Platform

Marketplace

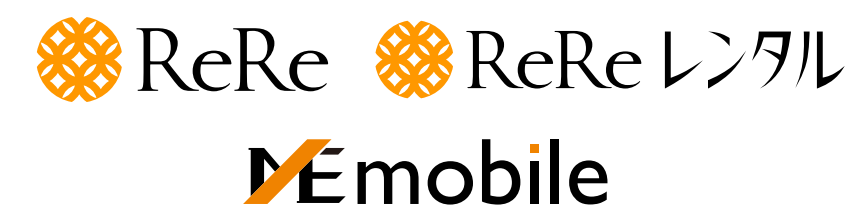


Merchandise and trading method

General merchandise purchase
For individual



General merchandise trade



Specific merchandise
For corporate



Information Media

Information on trading method



Information on consumption trends



IT skills

Data Driven Marketing

Our business portfolio

Platform

**C to B
Platform**

Merchandise and trading method

General merchandise purchase For individual

**C to B to C
Reuse Business**

ReRe ReRe レタル
Emobile

Specific merchandise

**B to B
Reuse Business**
(for SOHO or Specific field)

Information Media

Information on trading method

MAGAZINE

ピギナズ

Media

Information on consumption trends

iPhone 格安

OUTLET JAPAN

IT skills

Data Driven Marketing

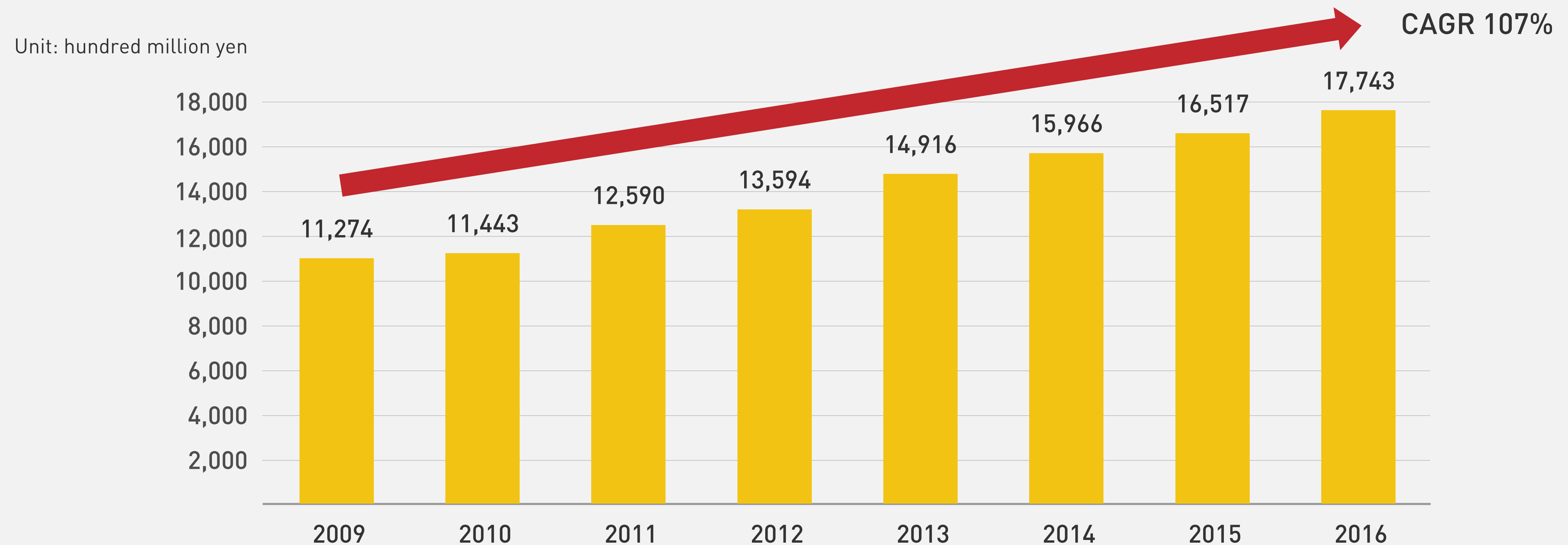
2

Recognition of the Current Economic Situation and Future Tactics

C to B to C Reuse Business

The reuse market have been grown

The reuse market size trend



Source: The Reuse Business Journal 2018

C to B to C Reuse Business

The reuse market have been grown

The reuse market size trend

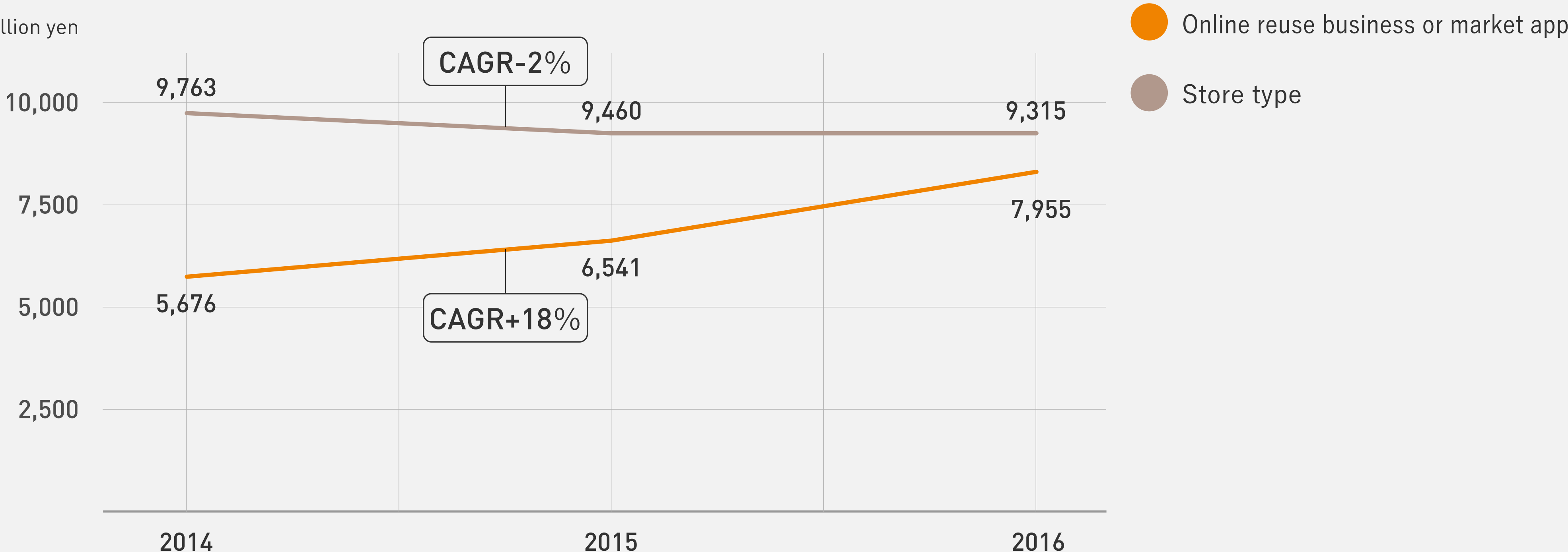


※Source: The Reuse Business Journal 2018

C to B Platform

Market size of Store type reuse business tend to decline

Unit: hundred million yen

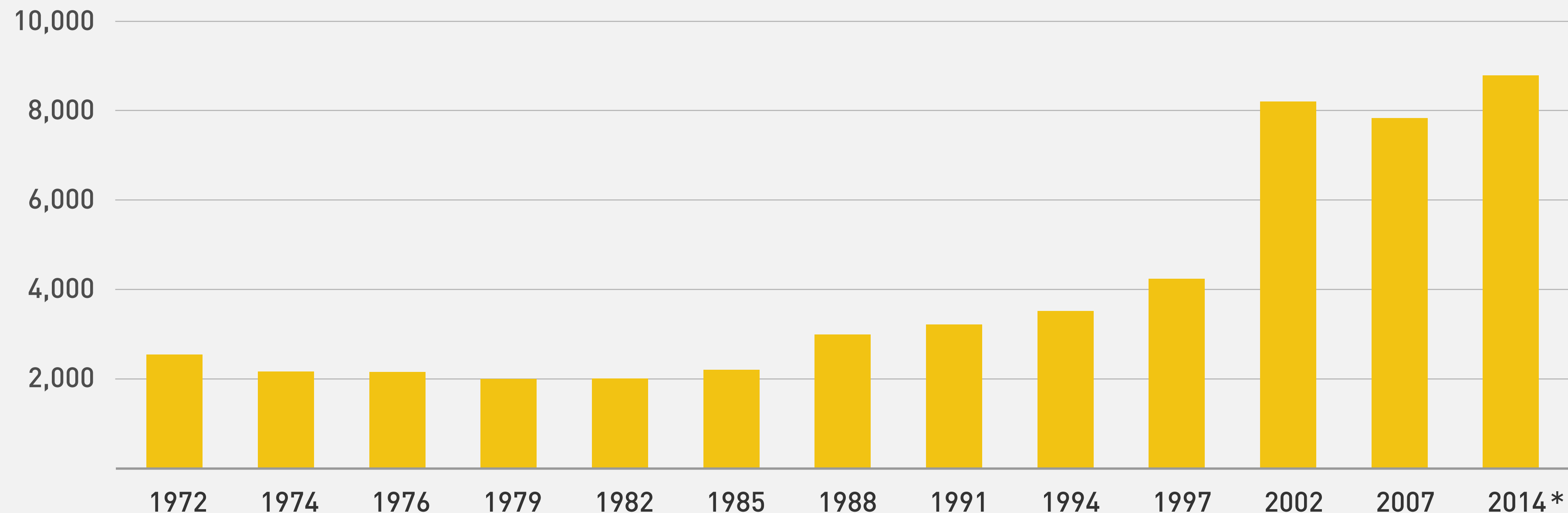


Source: The Reuse Business Journal 2018

C to B Platform

The number of businesses(mainly store type) is on the rise.
They are seeking to obtain the purchasing opportunity.

Unit: companies



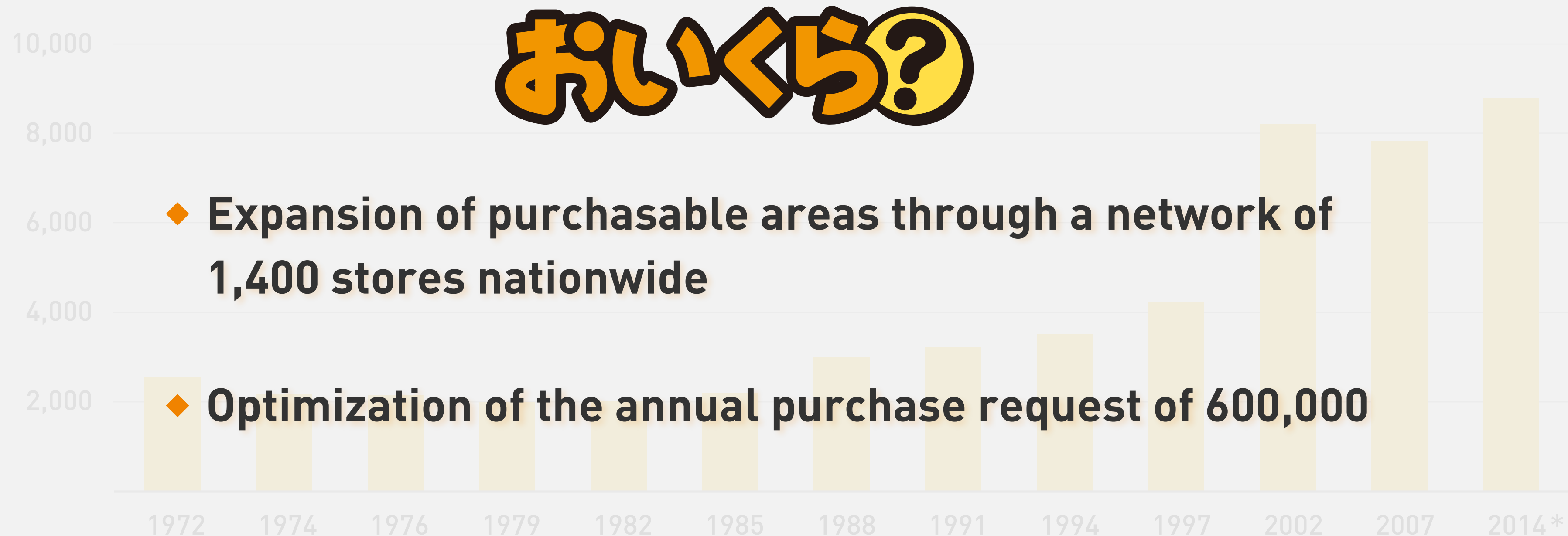
2014 is our estimate including individuals

*Since the survey started in 1952, Census of Commerce are surveyed every two years until 1975, every three years until 1997, and every five years until 2007. Since Economic Census for Business Activity was conducted in 2012, two years later.

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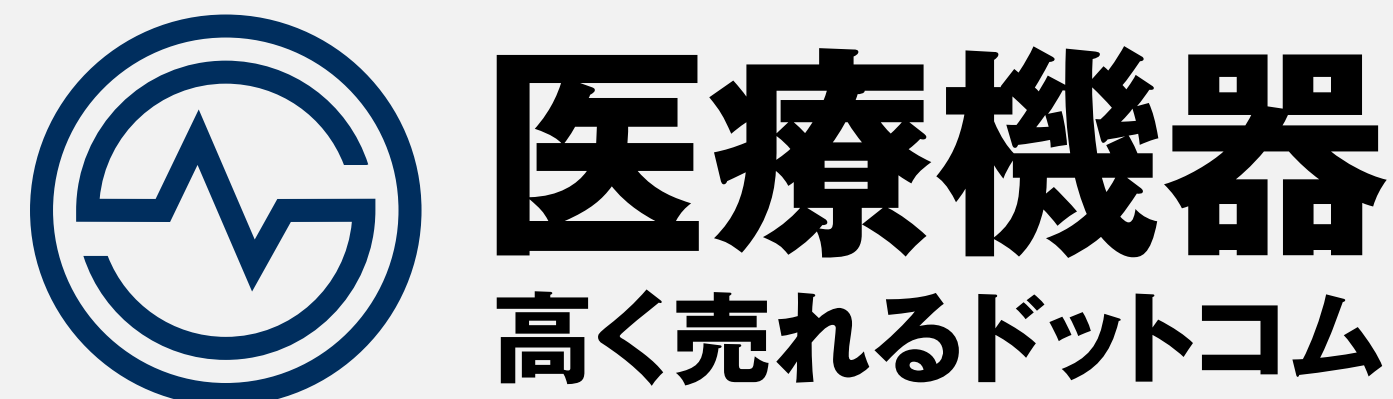
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※Source: Ministry of Economy, Trade and Industry, Japan "Census of Commerce"

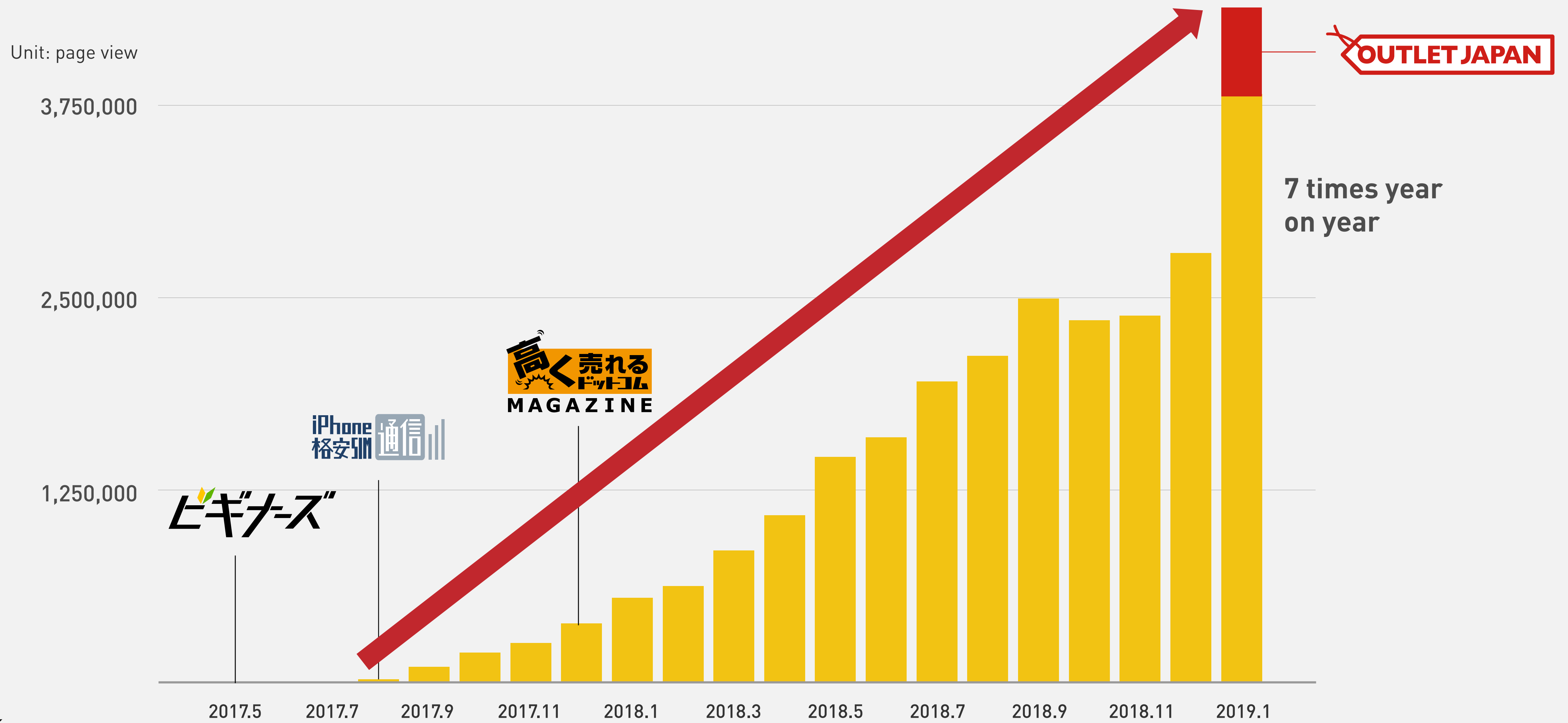
B to B Reuse Business (for SOHO or Specific field)

Low EC ratios = Actively entering a market where it is difficult for individuals to deal with each other and there is global demand



The trend of Page View

In January 2019, The page views of our owned media reached 4.4 million per month



Media

We will continue to promote Vertical Media Strategy(Local game marketing).

Information on consumption trends



iPhone, WiMAX

Mandatory to unlock
used smartphone
SIM in September 2019



OUTLET JAPAN

Market size ¥ 800 billion
Japan Government target
of 40 million foreigners to
Japan in 2020

Information on trading method



For rental beginners



For second-hand buying
and selling beginners

Used SP market price search service (Announced in Sep. 2018)

List the number of the transactions and the list price of terminals of major 4 sites such as market app and net auction.

iPhone X

中央値 **92,800円**
▲2,000円(2%)
最高取引価格: 151,000円
最低取引価格: 5,899円

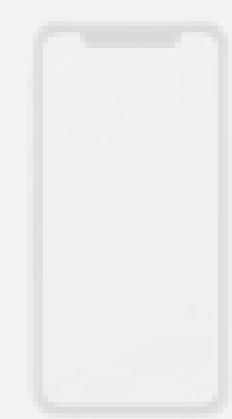
容量: 64GB 256GB
通信キャリア: ソフトバンク au NTTドコモ

価格推移グラフ

1,759件のデータが該当しました

サイト	取引価格	取引成立日	商品リンク
ヤフオク!	80,000円	1日前 2018年9月10日	☆新品同様 iPhone X シルバー (ドコモ) SIMロック解除済み 64GB ネットワーク利用制限○ ☆ MD: 35674208604789
ヤフオク!	80,000円	1日前 2018年9月10日	iPhone X silver 64GB MQAY2J/A SIMフリー済 MD: 356740083726415

iPhone X



中央値
92,800円
 ▲2,000円(2%)
 最高取引価格: 151,000円
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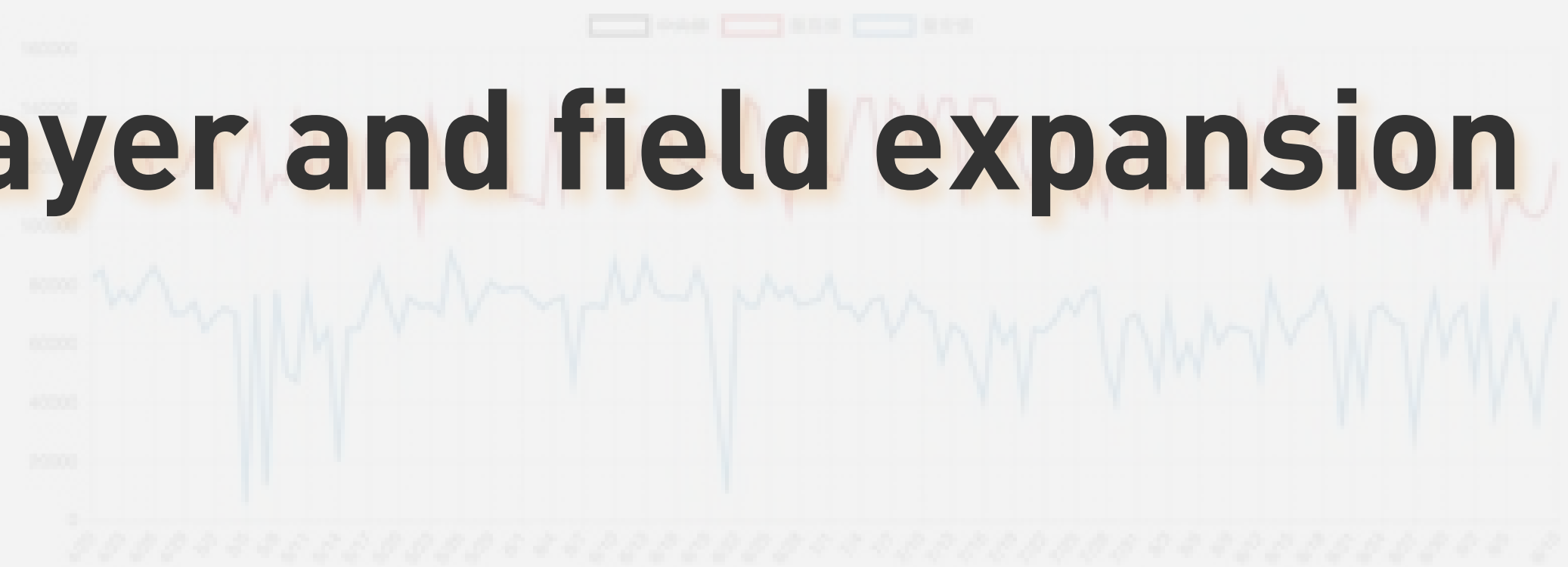
容量: すべて
 通信キャリア: すべて
 ネットワーク: すべて
 SIMロック: すべて

過去の条件を絞り込む

容量: 64GB 256GB

通信キャリア: ソフトバンク au NTTドコモ

価格推移グラフ



Target layer and field expansion

1,759件のデータが該当しました

メモリー: 331件 ラクマ: 207件 ヤフオク: 636件 ムスビー: 585件

取引先	取引価格	取引日時	取引内容
ヤフオク	80,000円	1日前 2018年9月10日	☆新品同様 iPhone X シルバー (ドコモ) SIMロック解除済み 64GB ネットワーク利用制限○ ☆ MD: 39674206604793
ヤフオク	80,000円	1日前 2018年9月10日	iPhone X silver 64GB MQAY2J/A SIMフリー済 MD: 396740083726415

Investment Strategy

New Business

↑ Growth or Later Investment

Specific Field = Growth Phase



— Seed or Early Investment

Start up = Incubation Phase



Existing Business

Existing Business = Stable growth



Existing Business = Productivity improvement

3

Financial Highlights FY2019 2Q

Financial Highlights FY2019 2Q

Significant expansion

Unit: Million yen	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Six months ended Dec. 31, 2018	3,832	150	149	66
Six months ended Dec. 31, 2017	2,914	5	(3)	(6)
Year on Year	+31.5%	30x	—	—

Changes in Operating profit

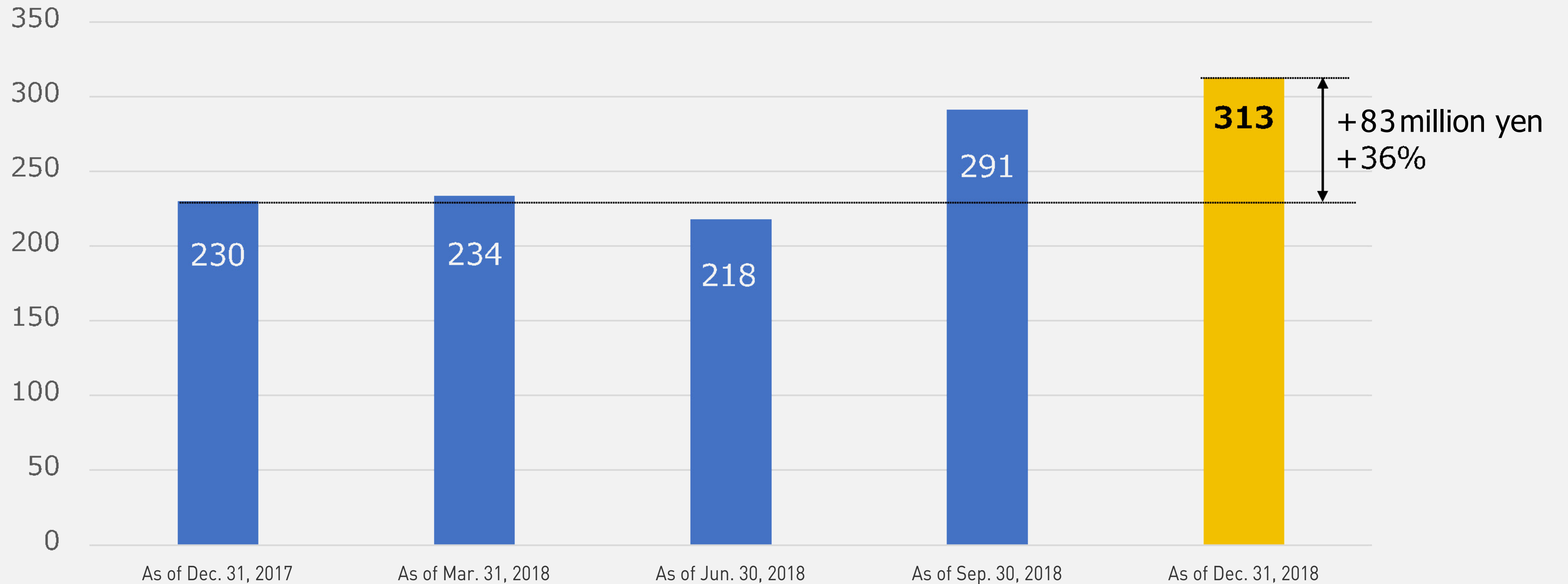
Operating profit rise due to Sales increase.



Inventory by quarter

Product inventory was 36% higher than the end of the same time last year.

Unit: Million yen



Balance Sheet

Unit: Million yen		As of Jun. 30, 2018	As of Dec. 31, 2018	Change
	Cash and deposits	939	1,073	+14%
	Product inventories	218	313	+44%
	Other current assets	315	468	+48%
	Non-current assets	357	377	+5%
	Total assets	1,829	2,231	+22%
	Total loans	388	577	+49%
	Other liabilities	465	581	+25%
	Total liabilities	852	1,159	+36%
	Total net assets	977	1,072	+10%
	Total liabilities and net assets	1,829	2,231	+22%

4

Earning Forecast

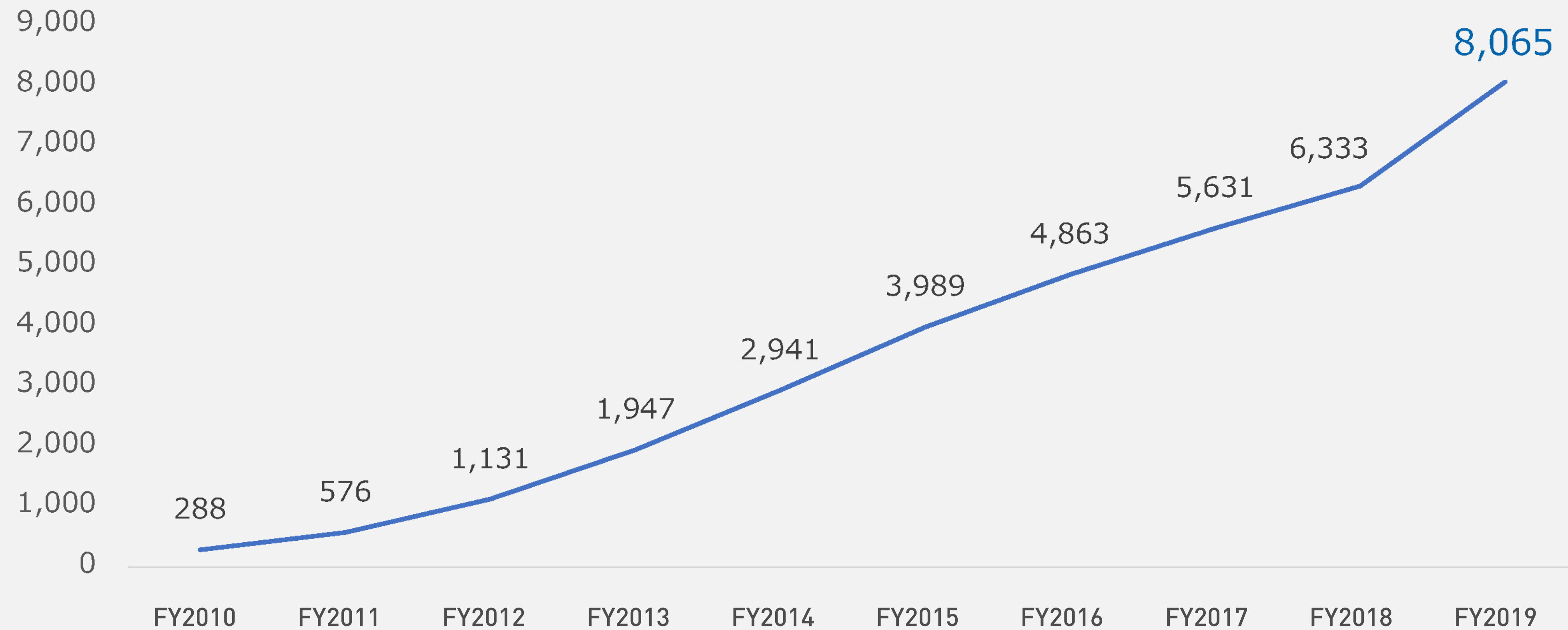
FY2019 Earning Forecast

Unit: Million yen	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY2018 Financial Results (A)	6,333	96	94	31
FY2019 Earning Forecast (Previous) (B)	7,700	160	162	80
FY2019 Earning Forecast (Revised) (C)	8,065	245	247	115
Year on Year (C/A)	+27%	+154%	+160%	+260%
Compared with Previous Forecast (C/B)	+5%	+53%	+52%	+44%

Annual Sales

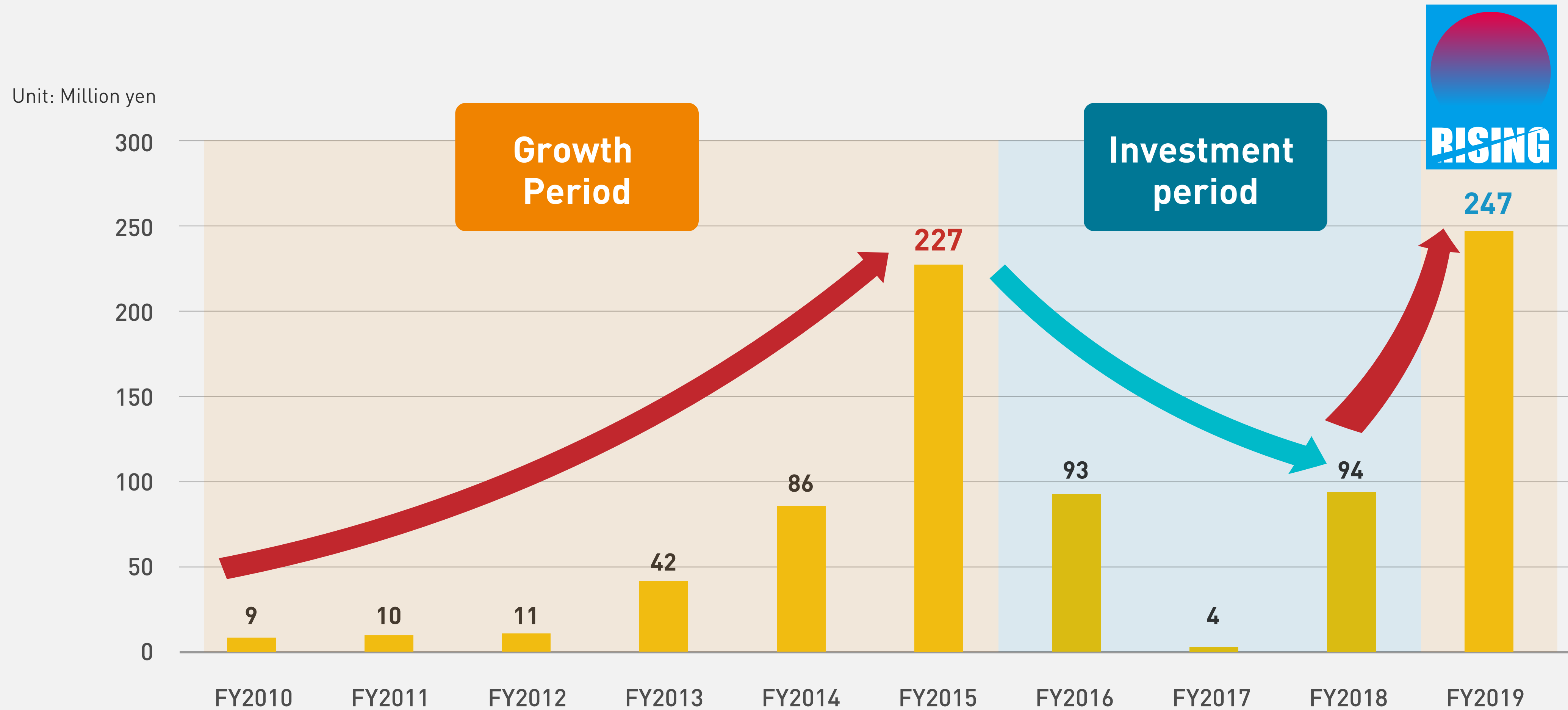
13 years of revenue increase

Unit: Million yen



Annual Ordinary profit

Update record high ordinary profit





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.