

**Disclaimer:**

This financial report is solely a translation of the “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

**Consolidated Financial Results for the Fiscal Year Ended June 30, 2019**

**[Japanese GAAP]**

August 14, 2019

Company name: MarketEnterprise Co., Ltd.

Listing: Tokyo Stock Exchange (Mothers)

Securities code: 3135

URL: <http://www.marketenterprise.co.jp/>

Representative: Yasushi Kobayashi, President, CEO

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Scheduled date of Annual General Meeting of Shareholders: September 26, 2019

Scheduled date of payment of dividend: -

Scheduled date of filing of Annual Securities Report: September 26, 2019

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors)

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2019 (July 1, 2018 to June 30, 2019)**

**(1) Consolidated results of operations**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Jun. 30, 2019	8,472	33.8	452	368.6	455	379.4	203	538.0
Fiscal year ended Jun. 30, 2018	6,333	12.5	96	-	94	-	31	-

Note: Comprehensive income (millions of yen) Fiscal year ended Jun. 30, 2019: 265 (up 367.4%)

Fiscal year ended Jun. 30, 2018: 56 (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Jun. 30, 2019	39.87	37.66	19.4	20.5	5.3
Fiscal year ended Jun. 30, 2018	6.28	6.09	3.4	5.6	1.5

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Jun. 30, 2019: -

Fiscal year ended Jun. 30, 2018: -

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2019	2,617	1,244	44.0	221.09
As of Jun. 30, 2018	1,829	976	51.7	185.47

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2019: 1,151

As of Jun. 30, 2018: 945

**(3) Consolidated cash flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Jun. 30, 2019	224	(154)	158	1,166
Fiscal year ended Jun. 30, 2018	245	(149)	16	938

**2. Dividends**

	Dividend per share					Total dividends	Dividend payout ratio	Dividends on equity
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Jun. 30, 2018	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Millions of yen -	% -	% -
Fiscal year ended Jun. 30, 2019	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Millions of yen -	% -	% -
Fiscal year ending Jun. 30, 2020 (forecasts)	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Millions of yen -	% -	% -

**3. Consolidated Forecast for the Fiscal Year Ending June 30, 2020 (July 1, 2019 to June 30, 2020)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	10,000	18.0	600	32.7	602	32.2	270	32.5	51.85

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding as of the end of the period (including treasury shares)

As of Jun. 30, 2019:	5,207,800 shares	As of Jun. 30, 2018:	5,098,600 shares
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2) Number of treasury shares as of the end of the period

As of Jun. 30, 2019:	286 shares	As of Jun. 30, 2018:	220 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Jun. 30, 2019:	5,111,433 shares	Fiscal year ended Jun. 30, 2018:	5,088,280 shares
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\* This summary report is not subject to audit by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecast, and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to MarketEnterprise's management at the time these materials were prepared, but are not promises by MarketEnterprise regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

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## 1. Overview of Results of Operations

### (1) Results of Operations

In the fiscal year ended in June 2019 (July 1, 2018 to June 30, 2019), the labor market and personal income in Japan recovered slowly as corporate earnings improved. However, the economic outlook remained uncertain due to increasing U.S.-China trade friction, the volatility of the U.S. stock market at the beginning of 2019 and other reasons.

The desire to hold down spending and purchase lower-priced items is still influencing consumer spending in Japan. Nevertheless, this emphasis on economizing and seeking low prices is not the only defining characteristic of consumer spending. Purchasing activity by consumers in Japan is becoming increasingly diverse as the range of ways people spend their money grows in order to reflect individual values, lifestyles and interests.

The MarketEnterprise Group primarily operates a second-hand online business (buying and selling second-hand merchandise by using only the Internet and operating no brick-and-mortar stores). To reflect the increasingly diverse range of purchasing behavior and growing interest in “smart consumption,” our goal is to become an “optimized trading company” that is capable of giving customers the best possible choices.

The fiscal years that ended in June 2017 and 2018 were positioned as a period for making strategic investments aimed at medium to long-term rapid growth. We used these investments to launch new services at the beginning of the fiscal year that are already contributing to earnings. One example is expanding the volume of product categories by handling agricultural equipment and medical equipment, which are sectors requiring specialized knowledge. The profitability of our owned media management and the growth of operations involving communication products (at subsidiary MEMobile Co., Ltd.) are two more examples of our ongoing progress. Due to high-profile marketing activities, the enlargement of our service lineup and other initiatives, new services grew much faster than originally planned.

Existing services provided a larger volume of merchandise backed by the addition of purchasing bases in western Tokyo and Sapporo in the previous fiscal year, which expanded purchasing activities to more areas of Japan, higher accuracy of web marketing for purchasing activities, and growth in Japan’s second-hand market. At the same time, we made operations even more efficient by increasing the use of IT in the purchasing process, including the automation of the appraisal process, and making service sites easier to use. The above actions led to higher profit levels.

Oikura is a comprehensive second-hand information website that MarketEnterprise acquired through a divestiture and merger in February 2019. Oikura is one of the largest services in Japan for comparisons of purchase prices of used household items, using a process that matches consumers with second-hand shops throughout Japan. MarketEnterprise will continue to make investments in Oikura to capture synergy with our existing services and contribute to earnings.

In the fiscal year that ended in June 2019, net sales were 8,472 million yen, 33.8% higher than in the previous fiscal year, and there was a big increase in earnings. Operating profit increased 368.6% to 452 million yen, ordinary profit increased 379.4% to 455 million yen, and profit attributable to owners of parent increased 538.0% to 203 million yen. We were able to achieve this earnings growth even as we made investments for business acquisitions and other activities for even more earnings growth.

### (2) Financial Position

#### Assets

Total assets at the end of the current fiscal year increased 788 million yen from the end of the previous fiscal year to 2,617 million yen. This was mainly due to increases of 228 million yen in cash and deposits, 281 million yen in accounts receivable-trade, and 149 million yen in inventories (merchandise).

## Liabilities

Total liabilities increased 520 million yen from the end of the previous fiscal year to 1,372 million yen. The main reasons were increases of 118 million yen in accounts payable-trade, 168 million yen in long-term loans payable (including current portion of long-term loans payable) and 131 million yen in income taxes payable.

## Net assets

Net assets increased 267 million yen from the end of the previous fiscal year to 1,244 million yen. This was mainly due to the booking of profit attributable to owners of parent of 203 million yen.

### (3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the current fiscal year were 1,166 million yen. The cash flow components during the current fiscal year and the main reasons for changes are as described below.

#### Cash flows from operating activities

Net cash provided by operating activities was 224 million yen (compared with 245 million yen provided in the previous fiscal year). Main factors include profit before income taxes of 436 million yen and an increase of 266 million yen in note and accounts receivable-trade.

#### Cash flows from investing activities

Net cash used in investing activities was 154 million yen (compared with 149 million yen used in the previous fiscal year). Main factors include payments for acquisition of businesses of 82 million yen and payments for lease and guarantee deposits of 35 million yen.

#### Cash flows from financing activities

Net cash provided by financing activities was 158 million yen (compared with 16 million yen provided in the previous fiscal year). Main factors include proceeds from long-term loans payable of 400 million yen and repayments of long-term loans payable of 231 million yen.

### (4) Outlook

As was explained earlier, the MarketEnterprise Group primarily operates a second-hand online business (buying and selling second-hand merchandise by using only the Internet and operating no brick-and-mortar stores). To reflect the increasingly diverse range of purchasing behavior and growing interest in “smart consumption,” our goal is to become an “optimized trading company” that is capable of giving customers the best possible choices.

In the fiscal year that ended in June 2019, strategic up-front investments that were made during the prior two fiscal years contributed to a significant growth and higher profitability of new businesses. Measures for the growth and higher efficiency of existing business operations also contributed to our performance, most significantly the big increase in earnings.

In the fiscal year ending in June 2020, we are taking actions for increasing the profitability of new businesses, including newly acquired operations. We are also continuing to use substantial investments and numerous activities for the growth of existing businesses. At the same time, we plan to maintain our current level of profitability.

## Net sales

We forecast sales of 10,000 million yen mainly for the following two reasons. First is the outlook for a full fiscal year contribution to sales from owned media, which was a new business in the fiscal year ended in June 2019 that started to make a big contribution to sales and earnings in the second half of the fiscal year. Second is the outlook for an increase in requests to purchase second-hand items resulting from synergies between existing businesses and Oikura, one of the largest websites in Japan for comparisons of purchase prices of used household item, using

a process that matches consumers with second-hand shops throughout Japan, which we acquired in February 2019.

#### Selling, general and administrative expenses and operating profit

We expect that progress with standardizing operations in existing businesses and using IT and other measures for more improvements in our internal activities will increase efficiency, which will reduce SG&A expenses as a percentage of sales. On the other hand, two other factors are expected to raise this percentage. One is higher personnel, rent and other fixed expenses due to the growth of our operations. The other is a variety of investments to increase synergies between our existing businesses and new businesses, chiefly Oikura. Based on this outlook, we expect almost no change in the SG&A expense ratio and, as a result, operating profit of 600 million yen.

#### Non-operating income/expenses and ordinary profit

We expect to continue to receive subsidy income, which is included in non-operating income, and expect to have interest expenses, which are included in non-operating expenses. As a result, we forecast ordinary profit of 602 million yen.

#### Extraordinary income/losses and profit attributable to owners of parent

At this time, we do not expect any extraordinary income or losses in the fiscal year ending in June 2020. The forecast is therefore profit before income taxes of 602 million yen and, after deducting taxes and profit attributable to non-controlling interests, profit attributable to owners of parent of 270 million yen.

#### Precaution concerning earnings forecast

Remarks about the future business climate and earnings forecast are based on information that is currently available and assumptions used when establishing business plans. Actual results may differ from these forecasts for a number of reasons.

## **2. Basic Approach to the Selection of Accounting Standards**

The MarketEnterprise Group prepares consolidated financial statements using generally accepted accounting principles in Japan. We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) while monitoring changes involving the use of these standards.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

(Thousands of yen)

	FY6/18 (As of Jun. 30, 2018)	FY6/19 (As of Jun. 30, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	938,736	1,166,847
Accounts receivable-trade	223,191	504,267
Merchandise	217,742	367,659
Supplies	6,991	8,742
Other	85,042	70,207
<b>Total current assets</b>	<b>1,471,704</b>	<b>2,117,723</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	126,125	139,264
Accumulated depreciation	(37,826)	(49,423)
Buildings, net	88,298	89,841
Vehicles	33,140	55,904
Accumulated depreciation	(2,995)	(13,591)
Vehicles, net	30,145	42,312
Tools, furniture and fixtures	32,312	35,847
Accumulated depreciation	(18,546)	(23,290)
Tools, furniture and fixtures, net	13,765	12,557
Land	193	193
<b>Total property, plant and equipment</b>	<b>132,402</b>	<b>144,904</b>
<b>Intangible assets</b>		
Software	8,156	22,480
Goodwill	14,000	86,666
<b>Total intangible assets</b>	<b>22,156</b>	<b>109,146</b>
<b>Investments and other assets</b>		
Investment securities	61,192	52,475
Deferred tax assets	23,437	41,166
Lease and guarantee deposits	102,328	135,631
Other	15,863	16,429
<b>Total investments and other assets</b>	<b>202,822</b>	<b>245,702</b>
<b>Total non-current assets</b>	<b>357,381</b>	<b>499,753</b>
<b>Total assets</b>	<b>1,829,085</b>	<b>2,617,477</b>

	(Thousands of yen)	
	FY6/18 (As of Jun. 30, 2018)	FY6/19 (As of Jun. 30, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	57,294	176,090
Current portion of long-term loans payable	158,873	221,971
Accounts payable-other	156,420	197,870
Accrued expenses	113,251	152,284
Lease obligations	7,046	11,979
Income taxes payable	47,976	179,845
Provision for loss on order received	13,490	6,138
Other	43,734	53,459
<b>Total current liabilities</b>	<b>598,087</b>	<b>999,639</b>
<b>Non-current liabilities</b>		
Long-term loans payable	228,711	333,823
Lease obligations	25,579	33,986
Other	-	5,505
<b>Total non-current liabilities</b>	<b>254,290</b>	<b>373,315</b>
<b>Total liabilities</b>	<b>852,377</b>	<b>1,372,955</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	305,353	306,375
Capital surplus	284,993	286,015
Retained earnings	355,514	559,324
Treasury shares	(256)	(394)
<b>Total shareholders' equity</b>	<b>945,604</b>	<b>1,151,320</b>
Share acquisition rights	1,440	1,440
Non-controlling interests	29,663	91,761
<b>Total net assets</b>	<b>976,707</b>	<b>1,244,522</b>
<b>Total liabilities and net assets</b>	<b>1,829,085</b>	<b>2,617,477</b>



**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Thousands of yen)

	FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)	FY6/19 (Jul. 1, 2018 – Jun. 30, 2019)
Net sales	6,333,217	8,472,508
Cost of sales	3,679,364	5,039,706
Gross profit	2,653,853	3,432,801
Selling, general and administrative expenses	2,557,364	2,980,648
Operating profit	96,489	452,153
Non-operating income		
Subsidy income	9,618	6,789
Insurance premiums refunded cancellation	1,390	62
Vending machine income	666	890
Other	870	1,095
Total non-operating income	12,545	8,838
Non-operating expenses		
Interest expenses	2,482	3,077
Issuance cost of share acquisition rights	10,149	-
Foreign exchange losses	215	609
Compensation expenses	845	697
Cancellation penalty	-	590
Other	342	634
Total non-operating expenses	14,035	5,609
Ordinary profit	94,999	455,382
Extraordinary losses		
Loss on valuation of investment securities	-	18,717
Total extraordinary losses	-	18,717
Profit before income taxes	94,999	436,664
Income taxes-current	46,108	188,485
Income taxes-deferred	(7,995)	(17,728)
Total income taxes	38,112	170,756
Profit	56,886	265,908
Profit attributable to non-controlling interests	24,941	62,098
Profit attributable to owners of parent	31,944	203,809

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)	FY6/19 (Jul. 1, 2018 – Jun. 30, 2019)
Profit	56,886	265,908
Comprehensive income	56,886	265,908
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	31,944	203,809
Comprehensive income attributable to non-controlling interests	24,941	62,098

**(3) Consolidated Statement of Changes in Equity**

FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)

(Thousands of yen)

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of current period	304,913	284,553	323,570	(221)	912,815	-	4,721	917,536
Changes of items during period								
Issuance of new shares-exercise of share acquisition rights	440	440			880			880
Profit attributable to owners of parent			31,944		31,944			31,944
Purchase of treasury shares				(35)	(35)			(35)
Net changes of items other than shareholders' equity						1,440	24,941	26,381
Total changes of items during period	440	440	31,944	(35)	32,789	1,440	24,941	59,171
Balance at end of current period	305,353	284,993	355,514	(256)	945,604	1,440	29,663	976,707

FY6/19 (Jul. 1, 2018 – Jun. 30, 2019)

(Thousands of yen)

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of current period	305,353	284,993	355,514	(256)	945,604	1,440	29,663	976,707
Changes of items during period								
Issuance of new shares-exercise of share acquisition rights	1,022	1,022			2,044			2,044
Profit attributable to owners of parent			203,809		203,809			203,809
Purchase of treasury shares				(137)	(137)			(137)
Net changes of items other than shareholders' equity						-	62,098	62,098
Total changes of items during period	1,022	1,022	203,809	(137)	205,716	-	62,098	267,814
Balance at end of current period	306,375	286,015	559,324	(394)	1,151,320	1,440	91,761	1,244,522

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY6/18	FY6/19
	(Jul. 1, 2017 – Jun. 30, 2018)	(Jul. 1, 2018 – Jun. 30, 2019)
Cash flows from operating activities		
Profit before income taxes	94,999	436,664
Depreciation	20,141	30,722
Loss (gain) on valuation of investment securities	-	18,717
Amortization of goodwill	1,000	10,124
Issuance cost of share acquisition rights	10,149	-
Interest and dividend income	(8)	(9)
Interest expenses	2,482	3,077
Decrease (increase) in notes and accounts receivable-trade	(115,887)	(266,670)
Decrease (increase) in inventories	133,020	(151,668)
Increase (decrease) in notes and accounts payable-trade	55,979	118,795
Subsidy income	(9,618)	(6,789)
Decrease (increase) in deposits paid	(11,214)	(1,907)
Increase (decrease) in accounts payable-other	40,941	28,015
Increase (decrease) in accrued expenses	10,056	39,033
Increase (decrease) in accrued consumption taxes	993	(633)
Other, net	5,503	19,514
Subtotal	238,540	276,987
Interest and dividend income received	8	9
Interest expenses paid	(2,482)	(3,077)
Income taxes paid	(611)	(64,517)
Income taxes refund	733	7,846
Proceeds from subsidy income	9,618	6,789
Net cash provided by (used in) operating activities	245,805	224,036
Cash flows from investing activities		
Purchase of property, plant and equipment	(54,478)	(12,089)
Purchase of intangible assets	(4,664)	(13,501)
Payments for lease and guarantee deposits	(14,982)	(35,751)
Payments for acquisition of businesses	(15,000)	(82,588)
Purchase of investment securities	(60,045)	(10,000)
Other, net	(308)	(866)
Net cash provided by (used in) investing activities	(149,479)	(154,797)
Cash flows from financing activities		
Proceeds from long-term loans payable	200,000	400,000
Repayments of long-term loans payable	(172,386)	(231,790)
Repayments of lease obligations	(3,165)	(11,244)
Payments for issuance of share acquisition rights	(8,709)	-
Other, net	844	1,906
Net cash provided by (used in) financing activities	16,583	158,871
Net increase (decrease) in cash and cash equivalents	112,908	228,110
Cash and cash equivalents at beginning of period	825,827	938,736
Cash and cash equivalents at end of period	938,736	1,166,847

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Segment Information**

Segment information is omitted since the Group has only a single business segment, which is the second-hand online business.

**Per-share Information**

(Yen)

	FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)	FY6/19 (Jul. 1, 2018 – Jun. 30, 2019)
Net assets per share	185.47	221.09
Net income per share	6.28	39.87
Diluted net income per share	6.09	37.66

Notes: 1. The basis of calculating net income per share and diluted net income per share is as follows:

(Thousands of yen)

	FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)	FY6/19 (Jul. 1, 2018 – Jun. 30, 2019)
Net income per share		
Profit attributable to owners of parent	31,944	203,809
Amounts not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	31,944	203,809
Average number of common shares outstanding during the period (shares)	5,088,280	5,111,433
Diluted net income per share		
Adjustment to profit attributable to owners of parent	-	-
Increase in the number of common shares (shares)	159,386	300,877
[of which share acquisition rights (shares)]	[159,386]	[300,877]
Summary of dilutive shares not included in calculation of diluted net income per share since there was no dilutive effect	3 types of share acquisition rights (4,400 units)	1 type of share acquisition rights (1,200 units)

2. The basis of calculating the net assets per share is as follows:

(Thousands of yen)

	FY6/18 (As of Jun. 30, 2018)	FY6/19 (As of Jun. 30, 2019)
Total net assets	976,707	1,244,522
Deduction on total net assets	31,103	93,201
[of which share acquisition rights]	[1,440]	[1,440]
[of which non-controlling interests]	[29,663]	[91,761]
Net assets applicable to common shares	945,604	1,151,320
Number of common shares used in calculation of net assets per share (shares)	5,098,380	5,207,514

## Subsequent Events

### Business combination through acquisition

In accordance with an acquisition contract signed on July 19, 2019, MarketEnterprise acquired the SIMCHANGE business of ENECHANGE Ltd. on August 1, 2019. SIMCHANGE operates a website (<https://simchange.jp/>) that provides information about discounted SIM cards and smartphones.

#### 1. Summary of business combination

##### (1) Company selling business and activities of business acquired

Company name: ENECHANGE Ltd.

Business activities: The SIMCHANGE website (<https://simchange.jp/>) with information about discounted SIM cards and smartphones

##### (2) Reasons for acquisition

The desire to hold down spending and purchase lower-priced items is still influencing consumer spending in Japan. Nevertheless, this emphasis on economizing and seeking low prices is not the only defining characteristic of consumer spending. Purchasing activity by consumers in Japan is becoming increasingly diverse as the range of ways people spend their money grows in order to reflect individual values, life styles and interests. To reflect the increasingly diverse range of purchasing behavior and growing interest in “smart consumption,” our goal is to become an “optimized trading company” that is capable of giving customers the best possible choices.

The SIMCHANGE discounted SIM and smartphone information site (<https://simchange.jp/>) contains a speed checker for inexpensive SIM cards (real-time visualization of communication speed) and many other types of services and information. MarketEnterprise believes that there are excellent prospects for synergies with SIMCHANGE because of the close ties of this business with the existing owned media business and the telecommunications business domain. Furthermore, unlocked SIM cards will be mandatory in Japan starting in September 2019. MarketEnterprise expects that this change will increase the used smartphone market and the demand for inexpensive SIM cards, thereby creating even more opportunities to capture synergies.

##### (3) Acquisition date

August 1, 2019

##### (4) Legal form of acquisition

Transfer of business with cash

##### (5) Company name after acquisition

MarketEnterprise Co., Ltd.

##### (6) Basis for choosing the acquiring company

MarketEnterprise acquired the business in exchange for a cash payment.

#### 2. Acquisition cost and type of payment

Payment for the acquisition:	Cash	150 million yen
Acquisition cost:		150 million yen

#### 3. Information about major acquisition-related costs

Not yet determined.

#### 4. Goodwill resulting from the acquisition

Not yet determined.

#### 5. Assets acquired and liabilities assumed on the acquisition date

Not yet determined.