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Updated Plan for Compliance with New Market Continued Listing Criteria and Preparations for Change to TSE Standard Market

Trading of stocks using the three new Tokyo Stock Exchange segments, Prime, Standard and Growth, started on April 4, 2022. Due to the inability of MarketEnterprise to meet some standards for a Prime Market listing as of the listing transition record date of June 30, 2021, MarketEnterprise submitted on December 24, 2021 a Plan for Compliance with the Prime Market Continued Listing Criteria. Subsequently, MarketEnterprise announced an Updated Plan for Compliance with Continued Listing Criteria in the New Market Listing Segment (hereinafter, the “the 2024 updated plan”) on September 30, 2024.

Although many activities are under way for increasing corporate value based on the 2024 updated plan, the MarketEnterprise Board of Directors approved a resolution today to begin preparations for an application to change the stock listing to the Standard Market of the Tokyo Stock Exchange. A thorough examination of progress concerning the 2024 updated plan resulted in the conclusion that the listing application should be changed to the Standard Market as measures based on this plan for compliance with Prime Market listing criteria continue. The following information is an explanation of progress with the 2024 updated plan and the status of compliance with continued listing criteria for the Standard Market as of the end of June 2025. MarketEnterprise plans to submit the application to change its listing to the Standard Market by December 2025.

1. Status of compliance with continued listing criteria and plan period as of the most recent record date (June 30, 2024)

As of December 31, 2023, the tradable share market cap of MarketEnterprise stock was below the Prime Market Continued Listing Criteria. The status of compliance with the continued listing criteria as of June 30, 2025 is as follows and the tradable share market cap is still insufficient.

		Number of shareholders	Number of tradable shares	Tradable share market cap	Tradable share ratio	Average daily trading value
Status of compliance	As of Jun. 30, 2022 (Note 1)	1,859	20,773 units	1.90 billion yen	39.0%	40 million yen
	As of Dec. 31, 2022	-	-	-	-	15 million yen
	As of Jun. 30, 2023 (Note 2)	1,536	20,758 units	2.73 billion yen	38.9%	15 million yen
	As of Dec. 31, 2023 (Note 3)	-	-	-	-	20 million yen
	As of Jun. 30, 2024 (Note 4)	1,870	20,129 units	1.60 billion yen	37.7%	20 million yen
	As of Dec. 31, 2024 (Note 5)	-	-	-	-	20 million yen
	As of Jun. 30, 2025 (Note 6)	2,943	21,180 units	3.24 billion yen	39.5%	60 million yen
Prime Market continued listing requirements		800	20,000 units	10.00 billion yen	35.0%	20 million yen
Compliance status		Compliant	Compliant	Non-compliant	Compliant	Compliant
Plan period				FY6/26		

Note 1: The status of compliance is based on the holders of MarketEnterprise stock and other securities and on other information available to the Tokyo Stock Exchange as of the record date of June 30, 2022. Average daily trading value figures are based on MarketEnterprise estimates using the average daily value on the Tokyo Stock Exchange between January and August 2022.

- Note 2: The status of compliance is based on the holders of MarketEnterprise stock and other securities and on other information available to the Tokyo Stock Exchange as of the record date of June 30, 2023. Average daily trading value figures are based on MarketEnterprise estimates using the average daily value on the Tokyo Stock Exchange between January and June 2023.
- Note 3: This is based on the notice submitted by the Tokyo Stock Exchange concerning the result of the confirmation of the status of compliance with the continued listing criteria (trading value) during 2023. This is a new item with which MarketEnterprise complies.
- Note 4: The status of compliance is based on the holders of MarketEnterprise stock and other securities and on other information available to the Tokyo Stock Exchange as of the record date of June 30, 2024. Average daily trading value figures are based on MarketEnterprise estimates using the average daily value on the Tokyo Stock Exchange between January and June 2024.
- Note 5: This is based on the notice submitted by the Tokyo Stock Exchange concerning the result of the confirmation of the status of compliance with the continued listing criteria (trading value) during 2024. This is a new item with which MarketEnterprise complies.
- Note 6: The status of compliance is based on the holders of MarketEnterprise stock and other securities and on other information available to the Tokyo Stock Exchange as of the record date of June 30, 2025. Average daily trading value figures are based on MarketEnterprise estimates using the average daily value on the Tokyo Stock Exchange between January and June 2025.

2. Actions for achieving compliance with the Prime Market Continued Listing Criteria

(1) Basic approach to the Prime Market Continued Listing Criteria of the tradable share market cap

Based on results of operations and the stock price as of the date the 2024 updated plan was submitted, MarketEnterprise expected tradeable share market cap and its components to be as shown in this table at the end of June 2026, which is the end of the initial plan. However, MarketEnterprise has concluded that these goals cannot be achieved by June 2026 due to the level of current results of operations and the outlook for sales and earnings.

	FY6/25		FY6/26	
	Plan	Results	Previous plan	Current plan
Tradable share market cap	3.9 - 4.7 billion yen	3.24 billion yen	10.1 - 10.2 billion yen	-
Profit attributable to owners of parent	0.33 billion yen (Note)	0.48 billion yen	0.80 - 0.85 billion yen	0.65 billion yen
PER	30-36x	16.6x	28-32x	-
Tradable share	39.5%	39.5%	40.0 - 42.5%	-
(Reference) Operating profit	0.70 billion yen	0.62 billion yen	2.00 billion yen	1.10 billion yen

Note: The FY6/25 forecast was revised on May 14, 2025. The forecast for profit attributable to owners of parent is now 0.36 billion yen.

(2) Summary of results of operations

The MarketEnterprise Group's vision is to operate as an "optimized trading company for the creation of a sustainable society." Group companies are dedicated to providing products and services that match the increasingly diverse range of consumption behavior and styles of people and, for some products and services, business operators and companies. The objective of business activities is to provide the best possible consumption options to customers by using the internet for the growth of corporate value.

On August 13, 2021, MarketEnterprise announced an original three-year medium-term management plan through the fiscal year that ended in June 2024. A revised three-year rolling plan was announced on August 14, 2023, with goals for the fiscal year ending in June 2026. On August 14, 2024, MarketEnterprise announced its forecast for the fiscal year ending in June 2025, which is the second year of the revised plan.

(Millions of yen)

		FY6/22		FY6/23		FY6/24		FY6/25		FY6/26
		Plan	Results	Plan	Results	Plan	Results	Plan	Results	Plan
Original Medium-term Management Plan as of Aug. 13, 2021	Net sales	12,000	11,986	15,000	15,257	20,000				
	Operating profit	(400)	(319)	300	94	1,200				
Revised Medium-term Management Plan as of Aug. 14, 2023	Net sales					20,000		25,000		30,000
	Operating profit					800		1,300		2,000
Current Medium-term Management Plan as of Aug. 14, 2024	Net sales						19,008	23,000	24,771	30,000
	Operating profit						298	700	625	2,000
Earnings forecast as of Aug. 14, 2025	Net sales									30,000
	Operating profit									1,100

The following is a summary of results of operations in the fiscal year that ended in June 2025.

Net sales

Sales increased 30.3% to 24,771 million yen, which was 7.7% higher than the forecast. Sales growth continued in the Second-hand Online Business and there was a big increase in sales of the Mobile & Telecommunications Business.

Gross profit/Operating profit

The gross profit increased 22.9% to 8,532 million yen and the gross profit margin decreased 2.1 percentage points to 34.4%. Although sales growth raised the gross profit, this was offset by an increase in the percentage of sales from Second-hand Online Business high-end merchandise, a category with a relatively small profit margin, and by higher sales in the Mobile & Telecommunications Business, which also has relatively low profitability.

Operating profit increased 109.4% to 625 million yen, which is 89.4% of the forecast. The selling expense ratio improved significantly by falling 3.0 percentage points to 31.9% because of numerous initiatives to boost productivity in the previous fiscal year. However, operating profit was below the forecast in part because the performance of the machinery (used agricultural equipment) category, which is positioned as a growth sector, was below the plan due to ocean shipping disruptions and other reasons.

Ordinary profit/Profit attributable to owners of parent

Ordinary profit increased 1,593.0% to 684 million, which is 97.8% of the forecast. This profit includes a gain on cancellation of derivatives of 143 million yen in non-operating income. Profit attributable to owners of parent was 484 million yen, which is 134.6% of the forecast, compared with a loss of 476 million yen in the previous fiscal year, due in part to the recording of deferred tax assets accompanying the shift to a profitable business environment.

PER

The PER at the end of June 2025 was 16.6. As the stock price is generally viewed as an indicator of future performance, MarketEnterprise believes that the PER should be more than 30 because of the company's consistently strong sales growth (CAGR of 20.0% since the stock was first listed). Due to changes in the business climate and in the operations of MarketEnterprise after the announcement of the original three-year medium-term management plan on August 13, 2021, the current level of the PER are about one to two years behind the pace that was anticipated in this plan.

Tradable share ratio

Following the announcement of an expanded shareholder benefit program on December 19, 2024, the percentage of MarketEnterprise stock held by individual shareholders has been increasing. The percentage held by companies has decreased and is now 39.5%. The tradable share ratio as the end of June 2025 is consistent with the outlook in the previous plan.

3. Continued listing criteria not in compliance and associated issues and actions

As stated above, the tradable share market cap was below the continued listing criteria. MarketEnterprise believes that the reason is the inability to earn a sufficient valuation from investors because earnings growth has fallen behind the steady growth of sales. As a result, MarketEnterprise has been unable to meet the requirement in the Prime Market Continued Listing Criteria of a tradable share market cap of at least 10 billion yen. Market Enterprise has decided that fulfilling this requirement by the end of the current medium-term management plan that ends in June 2026 is not possible. Consequently, the Board of Directors has approved a resolution to begin preparations to submit an application to change the listing category to the Standard Market of the Tokyo Stock Exchange.

As shown in the table below, MarketEnterprise is already compliant with all listing criteria for a Tokyo Stock Exchange Standard Market listing.

	Number of shareholders	Number of tradable shares	Tradable share market cap	Tradable share ratio	Net assets	Profits
Status of compliance (as of the record date)	2,943 (Note 1)	21,180 units (Note 1)	3.24 billion yen (Note 1)	39.6% (Note 1)	1.9 billion yen (Note 2)	484 million yen (Note 2)
Standard Market continued listing requirements	400	2,000 units	1.0 billion yen	25.0%	Positive	100 million yen
Compliance status	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

Note 1: The status of compliance is based on the holders of MarketEnterprise stock and other securities and on other information available to the Tokyo Stock Exchange as of the record date of June 30, 2025.

Note 2: The status of compliance is based on the full-year financial results for the fiscal year ended June 2025.

* Forecasts of future performance in this report are based on assumptions judged to be valid and information available to MarketEnterprise's management at the time this report was prepared. Actual results may differ significantly from these forecasts for a number of reasons.