

Disclaimer:

This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.



February 26, 2025

Company name: MarketEnterprise Co., Ltd.
Representative: KOBAYASHI Yasushi, President, CEO
Securities code: 3135, Tokyo Stock Exchange, Prime
Contact: IMAMURA Kenichi, Managing Director
Tel: +81-3-5159-4060

Q&A for the Financial Results Briefing for the 2Q of the Fiscal Year Ending June 30 2026

On February 20 2026, we held an online financial results briefing for the 2Q of the fiscal year ending June 30 2026. This document summarizes and makes public the main points of the Q&A session. Some amendments have been made for clarity.

Q1: I have a question regarding the mobile and telecommunications business. This time, the deterioration in performance has bottomed out, and the Company is expected to be profitable again starting in the Q4 accounting period. Does this mean that the shift to a subscription-based business model will be completed? Or does it mean that advertising inefficiencies will be eliminated, and you will once again be able to get new line contracts above break-even?

A1: Regarding the steady improvement in the mobile and telecommunications profit in Q4, the overall revenue generated from onetime revenue has resulted in a business model with exceptionally high profit margins. Therefore, the primary point is that the inefficiency of advertising will be resolved, leading to a model that delivers solid profitability.

As a whole, we are continuing our efforts to increase the profitability of the subscription-based model, and the ratio of the subscription-based model will gradually increase. However, as I mentioned at the beginning, the inefficiency of advertising will be eliminated first, which is a larger part.

Q2: Regarding the second-hand business, there has been a remarkable recovery in profitability since the Q1 accounting period, and I would like to know why. The explanation was that, during Q1, you went after high-value items, but the sales were not enough. In Q2, the explanation appears to have changed, as if to say that high-margin merchandise for individuals was doing well. Am I correct in understanding that the current trend will continue in Q3?

A2: First of all, at the end of the previous fiscal year (the fiscal year ended June 2025), inventory levels were slightly low, partly due to strong sales in the fourth quarter.

In Q1, we were unable to accelerate the sales process, even though we were able to purchase products, so the overall numbers were not as good as we would have liked.

Disclaimer:

This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.

In Q2, however, we were able to make solid purchases, and we are also making progress in sales while maintaining appropriate inventory standards, so overall, the situation is favorable.

In terms of our distribution model and purchase gross margin, we naturally handle a wide variety of merchandise. Of the 440,000 purchase requests we receive each year, some are very profitable, while others are less profitable but more expensive. As a whole, the profitability of general merchandise for individuals has strongly improved, while we have also been able to turn a profit in the high-unit-price area of automobiles and agricultural equipment.

The balance between in-store, door-to-door, and home delivery purchasing, which we have been promoting as a whole, has shifted from a focus on door-to-door for everything to the automation of smart purchasing and other methods for door-to-door, home delivery, and in-store purchasing for merchandise that can be expected to generate a solid gross profit.

Therefore, we are now in a position to secure a solid profit and have established a system that enables us to achieve this in Q2.

We are entering our busy season in Q3 and Q4, when the number of customers who are making life transitions will increase greatly, so we would like to move forward strongly toward this point, and we recognize that the trend will continue.

END