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Summary of Consolidated Financial Results for the Six Months Ended December 31, 2024 [Japanese GAAP]

February 14, 2025

Company name: MarketEnterprise Co.,Ltd.

Listing: Tokyo

Securities code: 3135

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

Representative: KOBAYASHI Yasushi

President, CEO

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Managing Director, CFO

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Scheduled date to file semi-annual securities report: February 14, 2025

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended December 31, 2024 (July 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate 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	%
Six months ended December 31, 2024	11,475	34.6	249	-	313	-	153	-
December 31, 2023	8,526	15.4	(41)	-	(282)	-	(627)	-

(Note) Comprehensive income: Six months ended December 31, 2024: ¥ 214 million [-%]
Six months ended December 31, 2023: ¥ (590) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2024	28.79	28.29
December 31, 2023	(117.73)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	5,652	1,520	18.2
June 30, 2024	5,345	1,306	16.5

(Reference) Equity: As of December 31, 2024: ¥ 1,031 million
As of June 30, 2024: ¥ 879 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	-	0.00	-	0.00	0.00
Fiscal year ending June 30, 2025	-	0.00			
Fiscal year ending June 30, 2025 (Forecast)			-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2025(July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	23,000	21.0	700	134.3	650	-	330	-	61.84

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)
Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2024: 5,336,800 shares
June 30, 2024: 5,336,600 shares

2) Number of treasury shares at the end of the period:

December 31, 2024: 443 shares
June 30, 2024: 395 shares

3) Average number of shares outstanding during the period:

Six months ended December 31, 2024: 5,336,243 shares
Six months ended December 31, 2023: 5,326,808 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

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.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	1,486,785	1,424,955
Accounts receivable - trade	1,914,833	2,086,528
Merchandise	731,248	744,933
Allowance for doubtful accounts	(28,964)	(40,775)
Other	231,057	205,066
Total current assets	4,334,961	4,420,708
Non-current assets		
Property, plant and equipment	269,952	329,267
Intangible assets		
Goodwill	32,057	16,648
Other	16,804	12,336
Total intangible assets	48,861	28,984
Derivatives	-	136,200
Investments and other assets	691,267	737,415
Total non-current assets	1,010,082	1,231,868
Total assets	5,345,043	5,652,577
Liabilities		
Current liabilities		
Accounts payable - trade	695,526	802,883
Short-term borrowings	2,233,336	2,208,340
Accounts payable - other	453,086	451,734
Lease liabilities	28,667	28,754
Income taxes payable	78,997	117,102
Other	486,628	461,895
Total current liabilities	3,976,241	4,070,709
Non-current liabilities		
Lease liabilities	62,576	61,086
Other	138	131
Total non-current liabilities	62,715	61,218
Total liabilities	4,038,956	4,131,928
Net assets		
Shareholders' equity		
Share capital	332,416	332,473
Capital surplus	312,056	312,113
Retained earnings	220,810	374,515
Treasury shares	(582)	(626)
Total shareholders' equity	864,699	1,018,475
Accumulated other comprehensive income		
Foreign currency translation adjustment	14,913	12,702
Total accumulated other comprehensive income	14,913	12,702
Share acquisition rights	907	906
Non-controlling interests	425,565	488,565
Total net assets	1,306,086	1,520,649
Total liabilities and net assets	5,345,043	5,652,577

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Net sales	8,526,447	11,475,470
Cost of sales	5,412,172	7,481,389
Gross profit	3,114,275	3,994,081
Selling, general and administrative expenses	3,155,753	3,744,732
Operating profit	(41,478)	249,349
Non-operating income		
Dividend income of insurance	348	475
Subsidy income	26	-
Surrender value of insurance policies	110	71
Vending machine income	192	138
Gain on valuation of derivatives	-	113,700
Gain on sale of scraps	2,754	-
Other	654	2,190
Total non-operating income	4,085	116,575
Non-operating expenses		
Interest expenses	9,659	14,707
Foreign exchange losses	5,029	4,698
Commission expenses	35,062	31,313
Compensation expenses	1,500	1,644
Loss on valuation of derivatives	191,700	-
Other	1,861	76
Total non-operating expenses	244,813	52,439
Ordinary profit (loss)	(282,205)	313,485
Extraordinary income		
Gain on sale of non-current assets	-	1,050
Total extraordinary income	-	1,050
Extraordinary losses		
Impairment losses	190,384	-
Loss on retirement of non-current assets	1,833	819
Loss on sale of non-current assets	8	-
Total extraordinary losses	192,226	819
Profit (loss) before income taxes	(474,432)	313,716
Income taxes - current	63,480	103,192
Income taxes - deferred	48,602	(6,115)
Total income taxes	112,083	97,077
Loss	(586,516)	216,638
Profit attributable to non-controlling interests	40,586	63,000
Loss attributable to owners of parent	(627,102)	153,638

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Profit (loss)	(586,516)	216,638
Other comprehensive income		
Foreign currency translation adjustment	(4,174)	(2,211)
Total other comprehensive income	(4,174)	(2,211)
Comprehensive income	(590,690)	214,426
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(631,277)	151,426
Comprehensive income attributable to non-controlling interests	40,586	63,000

Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(474,432)	313,716
Depreciation	34,391	21,719
Impairment losses	190,384	-
Amortization of goodwill	36,188	15,409
Increase (decrease) in allowance for doubtful accounts	21,557	11,810
Interest and dividend income	(39)	(681)
Interest expenses	9,659	14,707
Decrease (increase) in trade receivables	(130,252)	(171,694)
Decrease (increase) in inventories	(76,766)	(14,558)
Increase (decrease) in trade payables	77,778	107,357
Loss (gain) on sale of non-current assets	8	(1,050)
Loss on retirement of non-current assets	1,833	819
Subsidy income	(26)	-
Decrease (increase) in deposits paid	-	(7)
Decrease (increase) in prepaid expenses	(38,129)	(46,188)
Increase (decrease) in accounts payable - other	(28,670)	(1,781)
Increase (decrease) in accrued expenses	(26,349)	(43,484)
Increase (decrease) in accrued consumption taxes	(61,279)	29,800
Decrease (increase) in consumption taxes refund receivable	(15,611)	27,725
Commitmentline expense	34,953	31,226
Loss (gain) on valuation of derivatives	191,700	(113,700)
Other, net	(19,321)	(24,389)
Subtotal	(272,422)	156,756
Interest and dividends received	39	681
Interest paid	(9,659)	(14,707)
Income taxes paid	(187,653)	(81,325)
Income taxes refund	-	17,470
Subsidies received	26	-
Net cash provided by (used in) operating activities	(469,670)	78,874
Cash flows from investing activities		
Purchase of property, plant and equipment	(40,051)	(63,201)
Proceeds from sale of property, plant and equipment	280	1,050
Purchase of intangible assets	(920)	-
Payments of leasehold and guarantee deposits	(171,054)	(48,049)
Proceeds from refund of leasehold and guarantee deposits	10,183	43,965
Other, net	(2,981)	-
Net cash provided by (used in) investing activities	(204,543)	(66,236)

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,497	112
Proceeds from short-term borrowings	4,200,000	647,500
Repayments of short-term borrowings	(3,500,000)	(672,496)
Repayments of long-term borrowings	(101,653)	-
Repayments of lease liabilities	(14,099)	(15,157)
Arrangement fees and others paid	(36,008)	(32,311)
Other, net	-	(44)
Net cash provided by (used in) financing activities	549,735	(72,397)
Effect of exchange rate change on cash and cash equivalents	(4,026)	(2,071)
Net increase (decrease) in cash and cash equivalents	(128,504)	(61,830)
Cash and cash equivalents at beginning of period	1,643,596	1,486,785
Cash and cash equivalents at end of period	1,515,091	1,424,955