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Summary of Consolidated Financial Results for the Three Months Ended September 30, 2023 [Japanese GAAP]

November 10, 2023

Company name: MarketEnterprise Co.,Ltd.

Stock exchange listing: Tokyo

Code number: 3135

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

Representative: KOBAYASHI Yasushi

President, CEO

Contact: IMAMURA Kenichi

Managing Director, CFO

Phone: +81-3-5159-4060

Scheduled date of filing quarterly securities report: November 14, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended September 30, 2023 (July 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended September 30, 2023	4,106	11.9	(154)	-	(263)	-	(325)	-
September 30, 2022	3,671	40.8	(57)	-	(70)	-	(101)	-

(Note) Comprehensive income: Three months ended September 30, 2023: ¥ (311) million [-%]
Three months ended September 30, 2022: ¥ (95) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended September 30, 2023	(61.18)	-
September 30, 2022	(19.16)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	4,449	1,342	22.0
June 30, 2023	4,853	1,701	27.8

(Reference) Equity: As of September 30, 2023: ¥ 977 million
As of June 30, 2023: ¥ 1,351 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, 2023	-	0.00	-	0.00	0.00
Fiscal year ending June 30, 2024	-				
Fiscal year ending June 30, 2024 (Forecast)		0.00	-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2024(July 1, 2023 to June 30, 2024)

(% indicates changes from the previous corresponding period.)

	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	20,000	31.1	800	745.3	745	167.5	370	27.4	69.50

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended September 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: -)

Exclusion: - (Company name: -)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

September 30, 2023: 5,328,400 shares

June 30, 2023: 5,324,000 shares

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

September 30, 2023: 395 shares

June 30, 2023: 395 shares

3) Average number of shares outstanding during the period:

Three months ended September 30, 2023: 5,325,318 shares

Three months ended September 30, 2022: 5,321,330 shares

* This summary report is not subject to quarterly review 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.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	1,643,596	1,211,721
Accounts receivable - trade	1,111,482	1,090,164
Merchandise	574,797	637,798
Allowance for doubtful accounts	(152)	(20,540)
Other	143,197	170,538
Total current assets	3,472,920	3,089,682
Non-current assets		
Property, plant and equipment	429,439	451,818
Intangible assets		
Goodwill	97,309	79,215
Other	30,006	27,613
Total intangible assets	127,315	106,828
Investments and other assets	824,175	801,081
Total non-current assets	1,380,930	1,359,729
Total assets	4,853,851	4,449,411
Liabilities		
Current liabilities		
Accounts payable - trade	424,626	437,075
Short-term borrowings	1,500,000	1,700,000
Current portion of long-term borrowings	147,472	95,570
Accounts payable - other	355,220	370,861
Lease liabilities	25,064	27,373
Income taxes payable	206,126	20,150
Provision for bonuses	-	25,723
Other	419,114	350,902
Total current liabilities	3,077,624	3,027,655
Non-current liabilities		
Lease liabilities	74,133	78,633
Other	191	191
Total non-current liabilities	74,325	78,825
Total liabilities	3,151,950	3,106,481
Net assets		
Shareholders' equity		
Share capital	331,339	331,755
Capital surplus	310,979	311,395
Retained earnings	697,110	322,605
Treasury shares	(582)	(582)
Total shareholders' equity	1,338,847	965,173
Accumulated other comprehensive income		
Foreign currency translation adjustment	12,901	12,707
Total accumulated other comprehensive income	12,901	12,707
Share acquisition rights	928	920
Non-controlling interests	349,223	364,128
Total net assets	1,701,900	1,342,929
Total liabilities and net assets	4,853,851	4,449,411

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

	For the three months ended September 30, 2022	For the three months ended September 30, 2023
Net sales	3,671,196	4,106,755
Cost of sales	2,331,730	2,583,371
Gross profit	1,339,466	1,523,384
Selling, general and administrative expenses	1,397,059	1,678,045
Operating loss	(57,593)	(154,661)
Non-operating income		
Foreign exchange gains	412	-
Dividend income of insurance	260	348
Subsidy income	-	26
Vending machine income	75	101
Gain on sale of scraps	770	1,547
Other	632	313
Total non-operating income	2,150	2,337
Non-operating expenses		
Interest expenses	2,933	4,392
Foreign exchange losses	-	973
Commission expenses	599	500
Loss on valuation of derivatives	11,600	104,700
Other	87	814
Total non-operating expenses	15,220	111,380
Ordinary loss	(70,662)	(263,704)
Loss before income taxes	(70,662)	(263,704)
Income taxes - current	12,261	18,130
Income taxes - deferred	12,366	29,049
Total income taxes	24,628	47,179
Loss	(95,290)	(310,883)
Profit attributable to non-controlling interests	6,659	14,905
Loss attributable to owners of parent	(101,950)	(325,789)

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Thousands of yen)

	For the three months ended September 30, 2022	For the three months ended September 30, 2023
Loss	(95,290)	(310,883)
Other comprehensive income		
Foreign currency translation adjustment	(112)	(194)
Total other comprehensive income	(112)	(194)
Comprehensive income	(95,403)	(311,078)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(102,062)	(325,983)
Comprehensive income attributable to non-controlling interests	6,659	14,905