

Executive Summary

My name is Kenichi Imamura, director and CFO of Market Enterprise.

On this occasion, as you are all aware, to prevent the spread of COVID-19 we are going to have this briefing session online, following the briefing for Fiscal Year Ended June 30, 2021.

We do apologize for the inconvenience but hope for your understanding and that you will stay with us until the end.

I will start today's briefing with an overview of our financial results for the fiscal year ended June 30, 2021, and then, the company's president and CEO Kobayashi will follow up with our medium-term management plan for the three-year period from June 30, 2022 to June 30, 2024.

<Summary of FY6/21 Results of Operations>

I will start with the summary of the financial results for the fiscal year ending June 30, 2021. As you can see in the upper part of the slide, both sales and profits decreased from the previous fiscal year, almost the same level as the revised forecast announced in May.

The overview of each business is described by each according segment. The second-hand online business is divided into three areas.

In the individual sector, profitability improved as a result of more efficient advertising expenses and improved productivity in the purchase of products.

As for agricultural machinery, sales increased significantly due to the growth in cross-border e-commerce, that is, the volume of online sales to overseas customers.

Regarding "Oikura", sales and earnings decreased as performance-linked fees increased but fixed fees declined along with the number of partner stores following the tightening of standards for member stores due the revision of the Secondhand Articles Dealer Act.

As for the media business we usually receive revenue from the eight media channels that we operate. Among them, earnings deteriorated due to low search rankings for highly profitable keywords, especially in the telecommunications category.

In regard to the Mobile & Telecommunications sector, earnings decreased due to a decline in new subscriptions sold as a result of a reduced number of customers sent from the media sector.

On the other hand, we have launched a new WiMAX+5G plan, mainly in the fourth quarter. The WiMAX+5G plan is a shift to a stock-centered revenue structure with high profitability from monthly telecom fee income, whereas in the past, the revenue was generated mainly from new contracts.

That is all for the summary.

<Consolidated Statement of Income>

Next, is a summary of the consolidated statement of income. Net sales were 10,875 million yen this year compared to 10,904 million yen in the previous year, a decrease of about 0.3%. Operating profit was 54 million yen compared to 655 million yen in the previous fiscal year, a significant decrease of 91.7 percent.

Almost the same as operating profit, ordinary profit decreased by about 95.1 percent to 32 million yen this year compared to 664 million yen in the previous year. Profit attributable to owners of parent suffered a loss of 40 million yen this year, compared to 291 million yen in the previous fiscal year. This is almost in line with the revised results announced in mid-May.

<Results by Business Segment>

Following with an overview of business results for each segment. Sales and earnings in the second-hand online business were about the same as the previous fiscal year, but earnings in media and mobile & telecommunications sectors suffered a considerable decline.

<Consolidated Balance Sheet>

As for the consolidated balance sheet, although we have posted a final deficit, we believe that we have maintained our financial soundness. Specifically, one of the major changes is a significant decrease in accounts receivable-trade, which can be seen on the screen under the current assets.

The main reason for the decrease is that in May and June of the fourth quarter of the previous fiscal year, the number of new contracts in the mobile & telecommunications business suddenly increased due to the special demand for COVID-19. In consequence in this fiscal

year accounts receivable-trade decreased by about 702 million yen.

Overall, the shareholders' equity ratio and cash and deposits have increased compared to the previous fiscal year. Therefore, although we experienced a deficit, we believe that financial soundness was maintained on the consolidated balance sheet.

<Business Portfolio>

Next is a qualitative report for each segment. On the screen you can see the three reporting segments we operate in. There are no changes from the previous years.

<Second-hand Online Business Results >

As for the overview of the performance of the Second-hand online Business, although sales and profits increased significantly in the fourth quarter, which is a busy season, sales and profits for the year were almost the same as the previous year. The contents of sales can be seen in the orange portion of the bar graph on the left side of the slide. As I mentioned earlier, the volume of Second-hand online items handled decreased slightly due to the development of purchases that emphasized the cost-effectiveness of advertising and promotion costs.

On the flipside, the green area, which is the agricultural and construction machinery area, has grown by about 52% since last year, and our market share is increasing. As a result, the total for the year is almost the same as it was in the previous year. The same is true for segment profit.

<Media Business Results >

In the media business, sales decreased due to a decline in the number of customers sent to the mobile & telecommunications business as search rankings for highly profitable keywords remained low, mainly in the telecommunications field. You can see the net sales on the graph on the left side of the slide, and the internal sales in the light orange area are down 71.6 percent from the previous quarter. The dark orange area shows the sales to external customers. They increased by 12.8% from the previous fiscal year, but this was not enough to compensate for the decrease in sales to internal customers. Segment profit also decreased due to the decline in sales.

<Mobile & Telecommunications Business Results>

The Mobile & Telecommunications business also saw a decrease in new subscribers acquisitions due to a decrease in the number of customers sent from the media business. The

resulting decrease in sales incentive fees resulted in a decrease in profit. As for the shift to a recurring-revenue profit structure, we started offering the 5G service in April this year, which acts as a beginning of the fourth quarter for us.

For this service, we implement a business model where the rate of recurring-revenue profit centered on the telecommunications fee income is higher than the sales incentive income received from one-time new contracts. And that is the reason for the numbers which can be seen on the screen.

In the sales graph on the left side of the slide, the share of communications fee income, shown in dark orange, increased by 46.9 percent in the fiscal year ending June 30, 2021 compared to the previous year. On the other hand, sales incentive fees, shown in light orange, are down by 55.3 percent. Since sales incentive fees do not include the cost of sales and have a very high profit margin, the decline here has resulted in a decrease in segment profit. As for the 5G service, the stability of communication and pricing have been highly evaluated, and the acquisition of the service has been steady.

That will be all for the summary of our financial results for the fiscal year ending June 30, 2021. Next, our company's president Kobayashi will present the medium-term management plan for the next three years. I hope you enjoy this part of the presentation as well.

<Medium-term Management Plan Goals>

Hello everyone. My name is Kobayashi and I am the CEO and president of Market Enterprise. I would like to proceed with the explanation of the medium-term management plan in the order of goals, key issues, and strategies.

Starting with the goals, the main goal of our three-year mid-term management plan is to "Build a corporate infrastructure for generating an operating profit of at least 2.5 billion yen over two fiscal years in order to meet the listing standard of the new Prime Market of the Tokyo Stock Exchange.

<Medium-term Management Plan Goals: Listing Standards of the New Prime Market>

As for the listing standards for the New Prime Market, we are currently faced with the challenge of meeting the requirement of "market cap of floating stock of at least 10 billion yen". We believe that the base to accomplish this is operating profit, which is the foundation of our earnings, so we would like to aim for a total of at least 2.5 billion yen in profit during the most recent two fiscal years.

<Medium-term Management Plan Goals: Performance Targets>

We aim to achieve sales of 20 billion yen and operating profit of 1.2 billion yen three years from now, in the fiscal year ending June 2024, and total operating profit of at least 2.5 billion yen for the two fiscal years including the following year.

<Medium-term Management Plan Goals: Forecasts>

After our company was listed on the stock exchange, we went through a period of time called the first investment phase, and we were able to secure a solid revenue stream during it. This time, we would like to come up with another mid-term management plan and turn it into the next growth phase, which will become a period of further harvest.

Going back a little, I would like to explain what we did in the first investment phase after getting listed and what we will do during the second harvest period in this mid-term business plan.

<Medium-term Management Plan Goals: First investment phase after the IPO (June 2016 - June 2018)>

In the first investment period from June 2016 to June 2018, we expanded the scale of our business from a period of stable growth in the second-hand online business for individuals to a point where we nurtured and built a foundation for new businesses such as machinery with a focus on agricultural equipment, media, and mobile & telecommunications.

These efforts were successful, and with the contribution of machinery, media and mobile & telecommunications businesses we were able to achieve further revenue growth.

<Medium-term Management Plan Goals: First investment recovery phase (June 2019 - June 2020)>

At that time, we decided to develop new businesses and build new foundations for further growth. We acquired ME Trading, which has strengths in cross-border EC of agricultural machinery, and "Oikura", a platform that matches consumers and people who want to sell their products with second-hand stores.

<Medium-term Management Plan Goals: Current Medium-term Plan (Second investment phase June 2022 - June 2024)>

As for the status of the medium-term management plan for this fiscal year, the first important part is to regain the direction of growth in the mainstay second-hand business for individuals.

In addition, we will bring Machinery, mainly agricultural machinery, into a phase of further sales growth, and shift "Oikura" from a phase of nurturing and building a foundation to a phase of business scale expansion. Such are the contents of this mid-term management plan.

<Medium-term Management Plan Goals: Second investment recovery phase (starting in June 2025)>

At the end of the mid-term management plan, we aim to achieve sustainable earnings growth through further breakthroughs in "Oikura" and recurring-revenue from 5G services in the mobile & telecommunications business, in addition to continued growth in the second hand business.

<Key Issues>

Now, I would like to explain some of the issues we are currently facing. In the second hand online business, we recognize that we need to recover the growth potential for sales to individuals and to rebuild the growth strategy of "Oikura", and in the media business, we recognize that our structure is vulnerable to and influenced by SEO.

<Key Issues (1) Return second-hand services for individuals to growth>

Firstly, regarding the recovery of growth potential in the second-hand online business, it is currently divided into three categories: Second-hand services for individuals, machinery, mainly agricultural, and "Oikura".

On the screen you can see the figures for the last five years, and the overall growth has been steady. The driving force behind this growth has been Machinery and the addition of "Oikura"

platform through business acquisitions. As for the second-hand business for individuals, it has remained flat due to our policy of focusing on profitability.

<Key Issues (2) Create a new strategy for the growth of Oikura>

In regard to the "Oikura" it has been developed as a strategic field, but as Imamura has mentioned earlier, although there were some factors such as a temporary decrease in the number of member stores, earnings have been stagnant since the second quarter of the previous fiscal year.

<Key Issues (3) Business structure vulnerable to search engine optimization changes>

As for the media business, the structure is dependent on SEO, which resulted in sluggish PV growth due to the impact of the Google Core Update last year. Since July, there has been an improvement trend mainly in the mainstay telecommunications field, but we do recognize that the issue still exists. In addition, since the revenue is concentrated only on a few articles, the impact of a decline in the search rankings of those articles on revenue is high, which is also another issue we recognize.

<Growth Strategies for Second-hand Online Business>

From here, I will explain what strategies we will be using to develop our business, including on how we plan to deal with the earlier mentioned issues. First, I will explain the growth strategy of the second-hand online Business, dividing it into the sales to individuals, Machinery, and "Oikura". After that, I will talk about the strategy for the media business, the mobile & telecommunications business, and about the overall business plan.

First of all, the most significant point of our business strategy for second-hand online business is in us returning our core part of sales to individuals to a growth direction.

We will also move Machinery from the phase of business scale expansion to a period of sales and profit growth. As for the "Oikura" business, we will continue to develop and build its foundation, and then move into the phase of expanding its business base.

<Growth Strategies for Second-hand Services for Individuals: Purchase requests>

The slide on the screen shows the number of purchase requests for second hand sales to individuals for the last five years. The number of requests has been steadily increasing, from 350,000 to 390,000, 470,000, and 480,000. However, in the last fiscal year, rather than expanding the number of requests, we consciously suppressed it through advertising that emphasized cost effectiveness.

Because of the uncertainty caused by the COVID-19, we adopted a strategy of acquiring and developing such efficient requests. That is the situation up to now.

<Growth Strategies for Second-hand Services for Individuals: Net sales>

In spite of the fact that we greatly reduced the number of requests, sales did not actually drop significantly, but looking at the numbers over the past five years, they have remained flat.

<Growth Strategies for Second-hand Services for Individuals: Business Climate (1) Growth of the second-hand Market>

However, the market size of the second hand business itself has been growing steadily, and it is estimated that it will continue to expand in the future.

<Growth Strategies for second-hand Services for Individuals: Business Climate (2) Potential Growth of the Second-hand Market>

In addition to growth potential, the market prospect is huge. On top of the 2.2 trillion yen second-hand market that has already emerged, the market for second-hand products that will be used in the future and the total amount of "hidden assets" lying dormant in Japanese households is said to be 7 trillion yen. We are very much aware that the second-hand market is still very large. We have established high quality second-hand services by developing and operating our own inventory management system and accumulating purchase know-how, and to capture this additional growing market, we thought it necessary to change our traditional policy of purchasing with an emphasis on profitability.

<Growth Strategies for Second-hand Services for Individuals>

Under such circumstances, we have decided to change our policy, and in order to put our mainstay second-hand business for individuals on a growth track again, we will try to increase the number of requests and at the same time increase our purchasing capacity. We would like to establish a foundation for shifting to a policy of re-expansion.

<Growth Strategies for Second-hand Services for Individuals (More purchase requests: 1)>

In terms of increasing the number of requests, we will expand the number of keywords to attract customers, actively use our own SEO media, and expand the fields we handle to include clothes, brands, tableware, and other fields we have not handled before. By doing so, we hope to be able to achieve and increase in the number of requests.

<Growth Strategies for Second-hand Services for Individuals (More purchase requests: 2)>

As I have mentioned earlier, the number of requests has been increasing steadily, and at its highest, we were receiving 480,000 purchase requests per year. In the last fiscal year, the number of requests dropped to 320,000 due to the curbing of advertising expenses, but from here on, we will recover and increase the number of requests by 20% per year through measures such as the expansion of the fields we handle and put the company on a growth track once again.

<Growth Strategies for Second-hand Services for Individuals: Increase in Purchasing Capabilities (1)>

It is not that difficult to recover and increase the number of requests, but at the same time, the reality is that in the past, although we increased the number of requests, we could not always easily complete the purchase the products.

In the last fiscal year, out of 320,000 requests, we actually purchased 63,000 items, or 20% of the total requests.

We are trying to expand this 20% of total requests, but in reality, there were many requests that we could not handle due to the physical distance and other reasons. In addition to the home appliances, musical instruments, cameras, and hobby goods that we are already good at, we have also been unable to deal with brand products, precious metals, and clothes.

<Growth Strategies for Second-hand Services for Individuals: Increase in Purchasing Capabilities (2)>

In order to increase our purchasing capacity, we will first increase the number of locations and expand the range of products we can handle. In addition, we are planning to increase the number of on-site purchase personnel and increase the purchase capacity by expanding the customer target.

In particular, we will increase the number of personnel and vehicles that can travel on business

trips. Our purchase methods include "in-store purchases," "home delivery purchases," and "business trip purchases," but the profit margin of "business trip purchases" is the highest.

However, in reality, we do not have enough vehicles and personnel, so our ability to handle business trip purchases has not matched the number of requests we receive, so we would like to accelerate the process from here on.

In terms of products, we have been focusing on preliminary assessments and on providing a sense of security. In addition to that, we would like to expand our product and customer targets, such as brands, precious metals, clothes, stamps, tableware, etc., which we have not dealt with so far, for seniors and wealthy people. As I mentioned earlier, we already have a system in place to provide high quality second-hand services such as the infrastructure systems and know-how for purchasing items, like assessments, and we believe that we can catch up with our competitors by increasing the number of personnel for on-site purchases, which is the only thing we currently lack.

<Growth Strategies for Second-hand Services for Individuals: Increase in Purchasing Capabilities (3)>

We will increase the purchase ratio to 25 percent by increasing the number of on-site purchase personnel and expanding the range of products and customer targets. We would like to increase the purchase rate from 20 percent in the fiscal year ending June 2021 to 22 percent in the fiscal year ending June 2022, 24 percent in the fiscal year ending June 2023, and 25 percent in the fiscal year ending June 2024 over the next three years.

In line with this, we are greatly accelerating the hiring of personnel in the second-hand Business Division from 112 last fiscal year to 161 this fiscal year, mainly for on-site purchasing. While continuing to train other personnel, we would like to aggressively build a foundation to achieve the 25 percent target of the three-year plan.

<Growth Strategies for Second-hand Services for Individuals: Sales Forecasts>

Our growth strategy is to increase the number of requests and improve our purchasing capacity. We will aim for sales growth of more than 20 percent on average for the year, 6 billion yen in the fiscal year ending June 2022, 7.5 billion yen in the fiscal year ending June 2023, and 10 billion yen in the fiscal year ending June 2024, while improving profits further.

<Growth Strategies for Machinery (Agricultural Equipment): Past Performance>

Next is the growth strategy for machinery, mainly focusing on agricultural machinery. In the fiscal year ended June 30, 2021, we added the function of cross-border EC through the acquisition of the business. In the last fiscal year, we achieved a sales growth of over 50% from the previous fiscal year due to the growth in sales of cross-border EC.

<Growth Strategies for Machinery (Agricultural Equipment): Business Climate (1)>

As for the market situation of agricultural machinery, the number of agricultural workers in Japan is on the decline due to the aging society, and the average age is 67.8 years old. As a result, many people are leaving farming, and we continue to receive many requests for used farm machinery.

<Growth Strategies for Machinery (Agricultural Equipment): Business Climate (2)>

The size of the market itself has been hovering around 320 billion yen in previous years, and although it declined in 2020 due to the effects of the COVID-19, I believe that the market will recover and return once again due to the expansion caused by the mechanization of agriculture, the larger scale of agriculture, as well as government support aimed at improving agricultural productivity.

<Growth Strategies for Machinery (Agricultural Equipment): Business Climate (3)>

According to our survey, the market for second-hand agricultural machinery is estimated to be around 10 billion yen in size.

For example, in the domestic automobile market, 32% of transactions are for second-hand automobiles. Similar to the 320 billion yen market I mentioned earlier, the market for agricultural machinery has the potential to grow to about 100 billion yen in the future.

Based on that we think that the used agricultural machinery market will continue to be an area with a lot of room for growth. We believe that we are in a position to benefit from the high barriers to entry in the field of used agricultural machinery, such as the need to have a nationwide network of partners due to the difficulty of assessments and the need for specialized transportation vehicles, as well as the lack of significant competition.

<Growth Strategies for Machinery (Agricultural Equipment): Three-year Plan>

In this context, we would like to make additional investments to further solidify our position in the market. As a concrete initiative, we would like to establish the Kita Kanto second-hand purchasing base to become the core base in East Japan for purchasing, inventory holding, and cross-border EC.

We will relocate and expand the second-hand Center from our current base in Oyama City, Tochigi Prefecture to Yuki City, Ibaraki Prefecture. This will expand our inventory holding space and enable us to purchase more aggressively. In the future, we would like to expand the number of purchase centers from the current two to four within three years. In addition, we will further strengthen our efforts to attract customers via the Web, which we have been doing for some time, and strengthen our partnership with agricultural machinery dealers nationwide in order to expand our purchase network.

In terms of sales, in addition to our existing sales on YAHUOKU!, we will also strengthen our sales on UMM, a marketplace specializing in used agricultural machinery, which we acquired last year. In addition, in order to diversify the ports at which we export containers to match the locations where we purchase them, we would like to engage in proxy vaning, in which we outsource the work of loading containers for cross-border EC to our partners.

<Growth Strategies for Machinery (Agricultural Equipment): Establishment of Kita-Kanto purchasing base>

The plan I mentioned earlier to relocate and establish the Kita Kanto second hand purchasing base Oyama City in Tochigi Prefecture to Yuki City in Ibaraki Prefecture is moving forward in a concrete manner. Until now, the total site area of Tottori and Oyama together was about 9,256 m², but with the new location, the total area will be about 13,223 m². This means that we will be able to purchase about 1.4 times as much inventory holding space. As for the bases for machinery, mainly agricultural machinery, as I mentioned earlier, we are planning to set up additional bases as the scale of our business expands.

<Growth Strategies for Machinery (Agricultural Equipment)>

The next slide shows a bar graph of Growth Strategies for Machinery. We will continue to further expand our sales, mainly through cross-border EC, along with domestic sales, and we hope to increase them to 1.5 billion yen in the fiscal year ending June 2022, 2 billion yen in the fiscal year ending June 2023, and 3 billion yen in the fiscal year ending June 2024.

<Growth Strategies for Oikura: Oikura Growth Stages (Source: FY2021 1H Financial Result Briefing)>

Following with the Growth Strategies for Oikura. On the slide you can see the contents of the last year's interim results briefing presentation. In the previous presentation, we were still at the "A stronger foundation & collaboration among internal services " level, and we planned to move into a phase where we would run commercials to expand awareness and implement strengthening of alliances.

<Growth Strategies for Oikura: Oikura New Growth Stages>

Currently, we are still stuck in the area that is indicated by the arrow on the lower left of the slide. We have continued to work on " stronger foundation & collaboration among internal services", but for the purpose of building a business that will drive our company's performance in the future, we would like to work on "improving customer contact points, strengthening the customer base, and improving the UI/UX backend capabilities" again before we start actively raising awareness.

<Growth Strategies for Oikura: More Customer Contact Points >

In the area of "improving customer contact points," we would like to increase the number of customers using our services through aggressive marketing efforts, including the "Oikura" app. Until now, Oikura was only available via a website, but we have released an app in July this year. We will also continue to promote web advertising. We have decided to stop TV commercials for now, and will consider them again when the number of partner stores increases.

<Growth Strategies for Oikura: Increase in the number of merchants>

As Imamura explained earlier, in the previous fiscal year, the number of merchants temporarily decreased due to the tightening of standards following the revision of rules in accordance with the Second-hand Articles Dealer Act. As a result, the number of merchants, which was originally around 1,000 at the time, has now decreased slightly by 10% to around 800. In the next three years, we plan to double the number of paying merchants by aggressive development.

At present, there are about 20,000 second-hand shop nationwide, and we would like to increase the number of paying merchants to about 2,000 by strengthening our sales to second-hand shop through our partnerships. In addition, we will promote the use of "Oikura" to individual business owners who have second-hand dealerships to further expand its scope of use.

<Growth Strategies for Oikura: Development Plan>

The plan here is to "Improve UI/UX and back-end capabilities". Specifically, we will improve the usability of the appraisal application process by revamping the "User My Page". In addition, the merchant page will be upgraded to improve convenience by expanding the product search function, and to improve satisfaction by expanding manual contents such as purchase know-how and QA section.

In addition, we would like to improve the back-end capabilities by renewing the system. We would also like to improve the UI/UX so that it becomes easier to use for both users and merchants.

<Growth Strategies for Oikura: Long term Business Plans>

In the huge second-hand market, we believe that there is a great potential for us to expand together with second-hand stores and other merchants. Since we are slightly behind in regard to the timing of full-scale expansion, earnings will temporarily drop a little this fiscal year, but we would still like to develop this business as a profitable one and believe that it will drive the future performance of Market Enterprise by building a solid foundation.

In addition, although we currently receive commissions from merchants for each order, in the future we would like to switch to a model where merchants can use our service on a monthly basis like a subscription service. For this reason, in the next three years, we will prioritize the development of our business infrastructure, such as strengthening the development of merchants and system development, in order to develop this business into one that can have a large impact on our earnings in the future.

<Media Business Strategies>

Next I will talk about the Media business strategies. We would like to dig deeper into our existing strategies and aim to build a stable profit structure. As I mentioned earlier, our media business was also affected by the Google Core Update but it has lessened since and site PV's are improving.

In the media business up until the previous fiscal year, revenue was concentrated on a few articles, and we recognize that the impact of a decline in the search rankings of those articles on revenue is high. By increasing the number of new articles on each site and diversifying our customer base, we would like to reduce the dependency on each site and establish multiple revenue pillars within the business that are not easily influenced by SEO and can grow stably. Specifically, we plan to increase external sales of "SIM Change", a telecom-related media channel acquired in 2019, and hobby-related media such as "Beginners", "cheapest-repair.com", and information media for outlet malls. We hope to achieve sales growth of at least 10 percent, which is on par with the market growth rate.

<Mobile & Telecommunications Business Strategies: Revise the Profit Structure>

For Mobile & telecommunications business strategy as a change in our revenue structure, we are shifting from a one-time sales business to a recurring revenue business. From 2021, we changed our product from "WiMAX 2+" to "WiMAX 5G" but originally, the profit margin for "WiMAX2+" was a little low because the profit from sales incentives was large, and the profit margin for subscription fee was a little low.

However, with the change to "WiMAX 5G" product, sales incentives will be lower, but the profit margin for subscription rental fee will be higher, resulting in higher recurring revenue future earnings. Future revenue refers to the future communication fee income and other revenue expected to be generated from existing subscription contracts.

The portion that will impact the current fiscal year is reflected in regular segment revenues, but I would like to use the expression "future revenues" to describe the portion that will impact the next fiscal year and beyond.

<Mobile & Telecommunications Business Strategies: Composition of Service Subscriptions>

On the screen you can see the bar graph for the Number of subscriptions. The number of "WiMAX2+" subscriptions is shown in dark orange, and the number of "WiMAX 5G" subscriptions is shown in light orange. Until last fiscal year, most of the subscriptions we owned were for "WiMAX2+", but from this fiscal year, the ratio of subscriptions owned for "WiMAX 5G" is increasing significantly. As a result, although we expect the number of subscriptions we own to increase, we also expect the ratio of recurring revenue for 5G to increase as well. Until the previous fiscal year, dependence on our own media led to a decline in the number of customers sent from it, which was a major cause of the decline in segment revenues, but the acquisition of 5G services is progressing steadily due to a recovery in customer traffic from our own media and the diversification of our acquisition base through alliances with external partners.

<Mobile & Telecommunications Business Strategies: Business Plans>

As for the acquisition of recurring revenue 5G subscriptions, the contribution to operating profit in the current fiscal year from news sales is limited because the sales incentives for one-time sales are small in the short-term revenue portion, but the situation is such that future revenue will be accumulated in the recurring revenue-type.

<Mobile & Telecommunications Business Strategies: Future Earnings>

The next slide shows the three-year status in terms of future earnings. We have already generated 318 million yen in future earnings in the last fiscal year, but we would like to build a system that will contribute to the stability of our business by generating 603 million yen in the fiscal year ending June 30, 2022, 696 million yen in the fiscal year ending June 30, 2023, and 750 million yen in the fiscal year ending June 30, 2024. In addition to segment profits, we would like to build a system that will contribute to the stability of management so that future earnings will increase.

<Mid-term Performance Target>

I believe I managed to explain everything, including the information on the second-hand online business, Media, Mobile & telecommunication businesses, and the overall business plan is as described in the slide which you can see on the screen.

Firstly, we aim to accomplish the earnings plan through sales growth supported primarily by the second-hand online business. The average annual growth rate of the second hand online business for individuals is 123.2 percent, with Machinery at 141.4 percent and, once we have invested in it, Oikura at 163.9 percent. By re-accelerating the growth rate of the entire second-hand online business, we hope to achieve an overall average annual growth rate of 127.8 percent.

The media business is also growing steadily and as for the mobile & telecommunications business, we would like to consider developing it while shifting to a recurring revenue business model that translates into future earnings. As a result, the business plan for the fiscal year ending June 30, 2022 calls for net sales to increase by approximately 10% to 12 billion yen due to an increase in personnel expenses and hiring costs for the on-site purchase personnel in the second-hand business for individuals, an increase in land rent from the establishment of the East Japan core base in the Machinery business, and upfront investment costs such as advertising expenses from the strengthening of 5G acquisition in the Mobile & telecommunications business. However, operating profit including future earnings is expected to be a minus 400 million yen due to a 15 percent increase in SG&A expenses. However, operating profit including future earnings is expected to remain in surplus at 203 million yen.

For the fiscal year ending June 30, 2023, we forecast sales to be 15 billion yen, operating profit will be 300 million yen, and operating profit including future earnings will be 997 million yen; for the fiscal year ending June 30, 2024, sales will be 20 billion yen, operating profit will be

1.2 billion yen, and operating profit including future earnings will be 1.95 billion yen. For the fiscal year ending June 2024, sales will be 20 billion yen, operating profit will be 1.2 billion yen, and future earnings will be 1.95 billion yen which will put us on a solid growth track and at the same time stabilize management.

This concludes my explanation. We will continue to develop a variety of businesses " To be an Optimized Trading Company for the creation of Sustainable Society.

Thank you very much for taking time out of your busy schedules to watch our financial results overview and mid-term management plan presentation.