



# Results of Operations for the Fiscal Year Ended June 30, 2021 and Medium-term Management Plan

August 13, 2021



MarketEnterprise Co., Ltd.



Securities code: 3135

# Agenda

## 1. FY6/21 Results of Operations

Kenichi Imamura, Director, CFO

- Consolidated financial results
- Business Segment Performance

## 2. Medium-term Management Plan

Yasushi Kobayashi, President, CEO

- I Goals
- II Key Issues
- III Strategies

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# Summary of FY6/21 Results of Operations

Sales and earnings down but consistent with the revised forecast

## Goals and performance

### Second-hand online

- For individuals
- For companies
- Oikura

Profitability improved due to higher advertising efficiency and productivity

Big increase in sales because of the growth of cross-border e-commerce

Sales and earnings decreased as performance-linked fees increased but fixed fees declined along with the number of partner stores

### Media

Earnings down because of the low search ranking, mainly in the telecommunications category

### Mobile & Telecommunications

Earnings decreased as the smaller number of customers sent from the media business reduced the number of new service subscriptions sold; shifting this business to a recurring-revenue profit structure

## Consolidated Statement of Income

Sales and earnings down but consistent with the revised forecast

(Million yen)	FY6/20 results (A)	FY6/21 results (B)	B/A	FY6/21 revised forecasts (C)	B/C
Net sales	10,904	10,875	-0.3%	10,910	-0.3%
Operating profit	655	54	-91.7%	68	-20.8%
Ordinary profit	664	32	-95.1%	41	-22.0%
Profit attributable to owners of parent	291	(40)	-	(40)	-

## Results by Business Segment

Sales and earnings in the second-hand online business were about the same as the previous fiscal year. Earnings in the media and mobile & telecommunications businesses were down.

(Million yen)	FY6/20	FY6/21	Change (amount)	Change (%)
<b>Net sales</b>	<b>10,904</b>	<b>10,875</b>	<b>-28</b>	<b>-0.3%</b>
Second-hand Online	6,702	6,580	-122	-1.8%
Media	696	519	-177	-25.5%
Mobile & Telecommunications	3,873	3,866	-6	-0.2%
Elimination for inter-segment transactions	(368)	(89)	+278	-
<b>Segment profit</b>	<b>655</b>	<b>54</b>	<b>-601</b>	<b>-91.7%</b>
Second-hand Online	547	534	-12	-2.4%
Media	481	231	-250	-51.9%
Mobile & Telecommunications	390	137	-252	-64.7%
Adjustment	(763)	(849)	-85	-
<b>Segment profit to net sales</b>	<b>6.0%</b>	<b>0.5%</b>	<b>-5.5pt</b>	<b>-</b>
Second-hand Online	8.2%	8.1%	-0.1pt	-
Media	69.1%	44.6%	-24.5pt	-
Mobile & Telecommunications	10.1%	3.6%	-6.5pt	-

## Consolidated Balance Sheet

No change in financial soundness

(Million yen)	As of June 30, 2020	As of June 30, 2021	Change	Main factors
<b>Current assets</b>	<b>3,068</b>	<b>2,530</b>	<b>-538</b>	
Cash and deposits	1,255	1,469	+213	Due to the increase in collection of receivables posted in the 4Q FY6/20
Accounts receivable-trade	1,283	581	-702	Mainly because of the collection of receivables
Merchandise	404	285	-119	
<b>Non-current assets</b>	<b>954</b>	<b>931</b>	<b>-23</b>	
Property, plant and equipment	358	360	+1	
Intangible assets	313	236	-77	Mainly because of amortization of goodwill
Investments and other assets	281	334	+53	
<b>Total assets</b>	<b>4,023</b>	<b>3,461</b>	<b>-561</b>	
Accounts payable-trade	370	308	-62	
Borrowings	1,324	1,026	-297	Mainly because of repayments
Other	702	473	-228	
<b>Total liabilities</b>	<b>2,397</b>	<b>1,808</b>	<b>-589</b>	
<b>Net assets</b>	<b>1,625</b>	<b>1,653</b>	<b>+27</b>	

# Business Portfolio

## Second-hand Online Business

<p><b>For individuals</b></p> <p>高く売れるポイントコム 高く売れるドットコム</p>	<p><b>Platform</b></p>
<p><b>For companies</b></p> <p>ME TRADING</p> <p>ME TRADING</p> <p>医療機器 高く売れるドットコム</p>	

## Media Business

<p><b>Telecom</b></p> <p>iPhone 格安SIM 通信</p> <p>SIM CHANGE SIM-APPROPRIATE JAPAN</p>	<p><b>Platform</b></p> <p>UMM USED MACHINE MARKET</p> <p>最安修理+</p>
<p><b>Second-hand</b></p> <p>高く売れるポイントコム MAGAZINE</p> <p>おいくら? マガジン</p>	<p><b>Hobbies</b></p> <p>ビギナズ</p> <p>OUTLET JAPAN</p>

## Mobile & Telecommunications Business

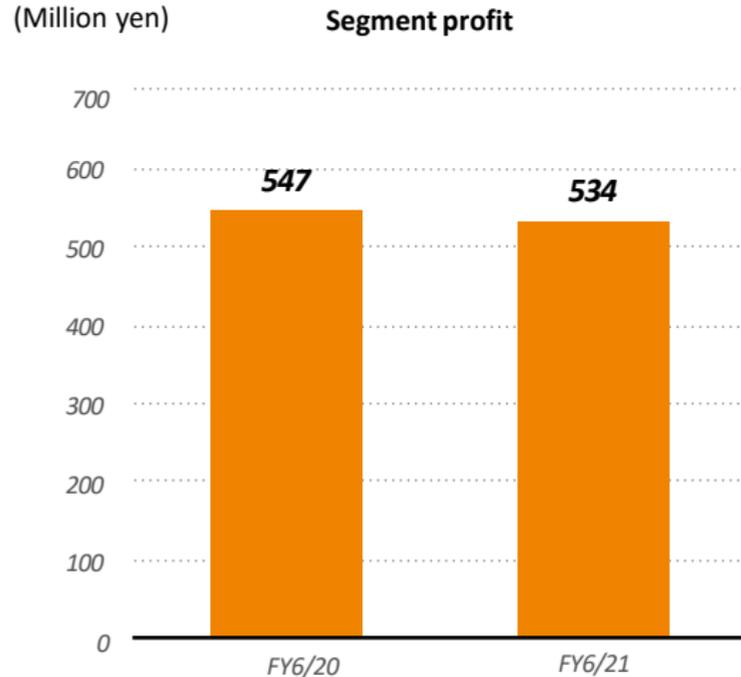
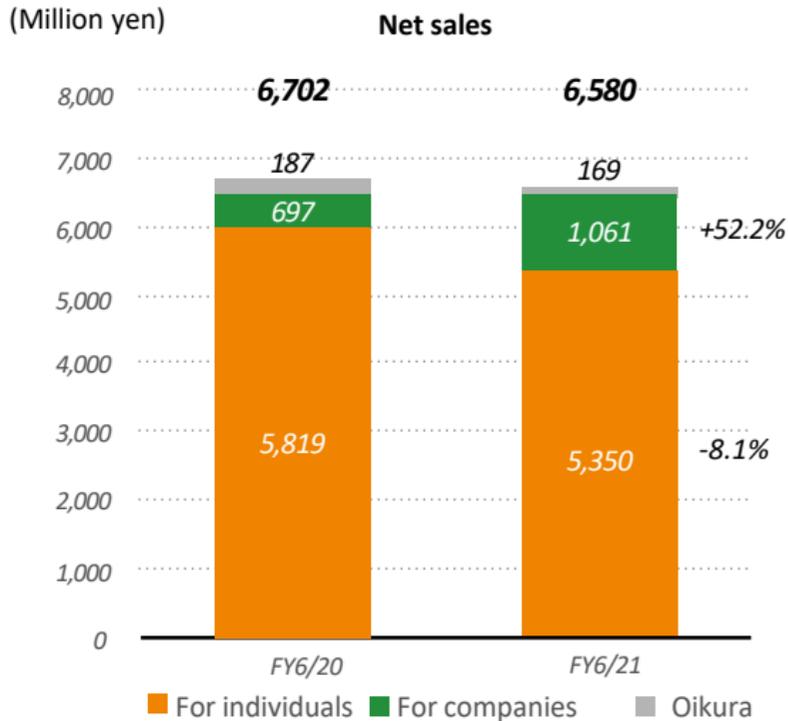
ME MOBILE

Service Brand

カシモ WiMAX  
powered by UQ WiMAX

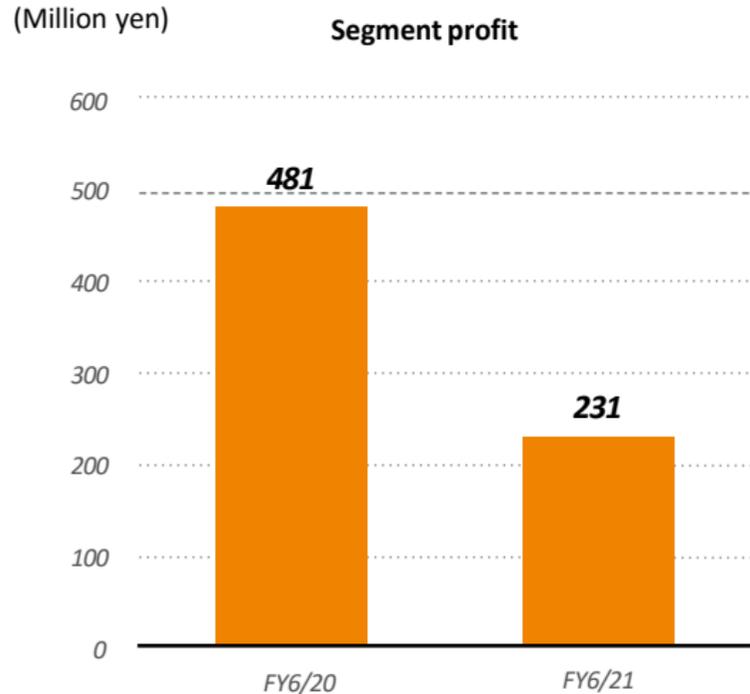
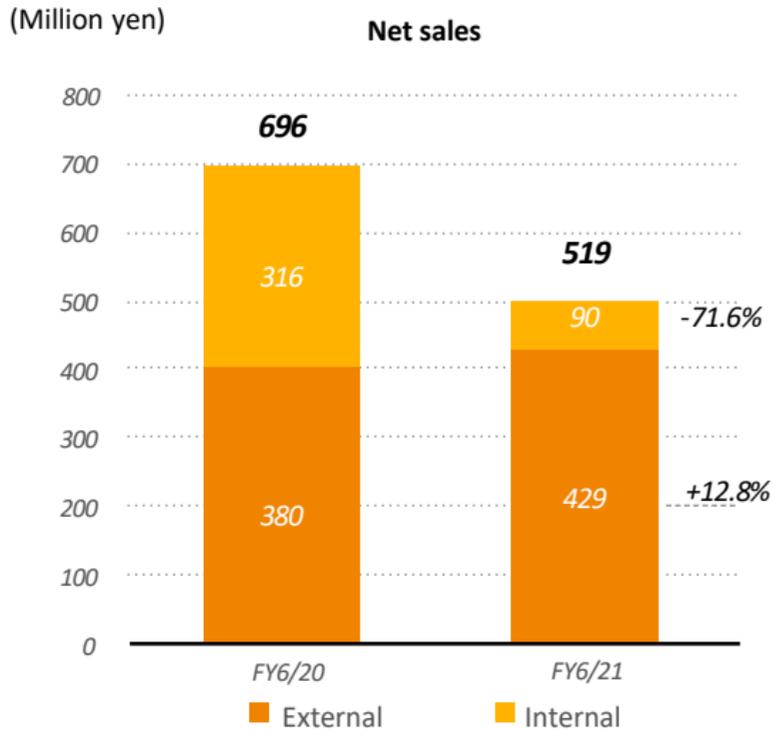
## Second-hand Online Business Results

Sales and earnings were about the same as the previous fiscal year. For companies(Agricultural equipment) sales continue to grow.



# Media Business Results

Decline in revenue from sending customers to the mobile & telecommunications business but strong sales to external customers

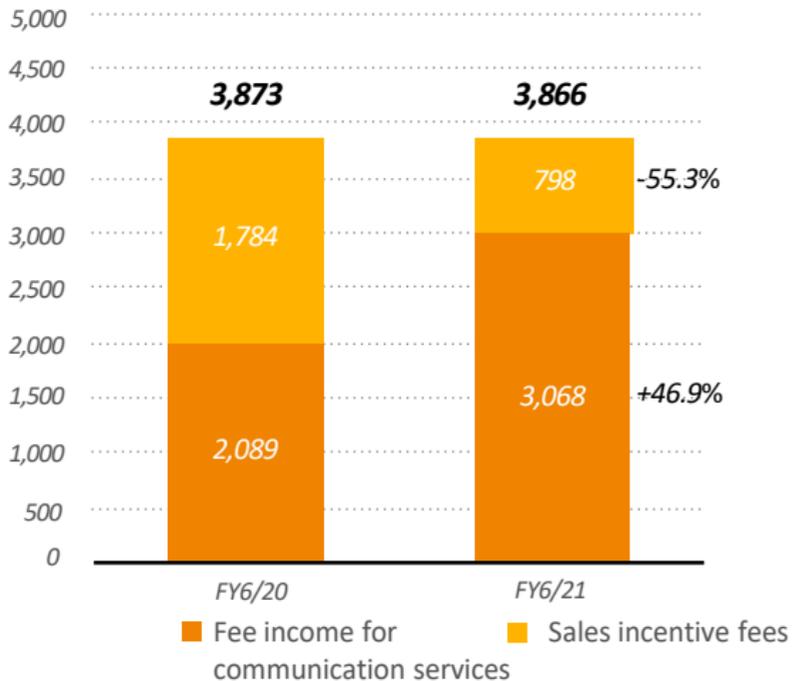


# Mobile & Telecommunications Business Results

Segment profit decreased because of lower sales incentive fees; shifting to a recurring-revenue profit structure

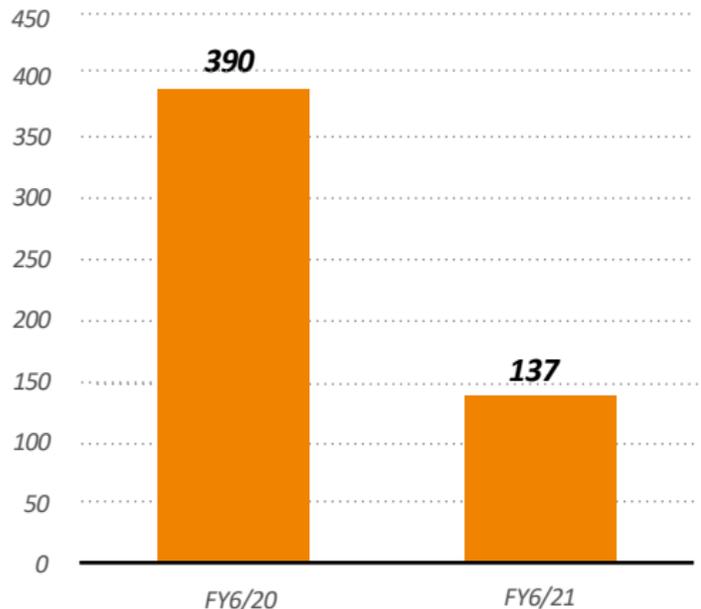
(Million yen)

Net sales



(Million yen)

Segment profit



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## I Medium-term Management Plan Goals

Building a corporate infrastructure for generating **an operating profit of at least ¥2.5 billion over two fiscal years** in order to meet the listing standard of the new Prime Market of the Tokyo Stock Exchange

# I Medium-term Management Plan Goals: Listing Standards of the New Prime Market

Achievement of the level of earnings required for a new listing

Item 1	Item 2	Standard
Liquidity	Number of Shareholders	More than 800
	Floating stock	More than 20,000 units
	Market cap of floating stock	At least ¥10 billion
	Trading volume	Daily average of at least ¥20 million
Governance	Floating stock ratio	More than 35%
Performance and finance	Earnings	Operating profit of at least ¥2.5 billion during the most recent two fiscal years
	Financial position	Net assets of ¥5 billion or more

Standards to maintain a listing

Standards for a new listing

## I Medium-term Management Plan Goals: Performance Targets

**FY6/24**

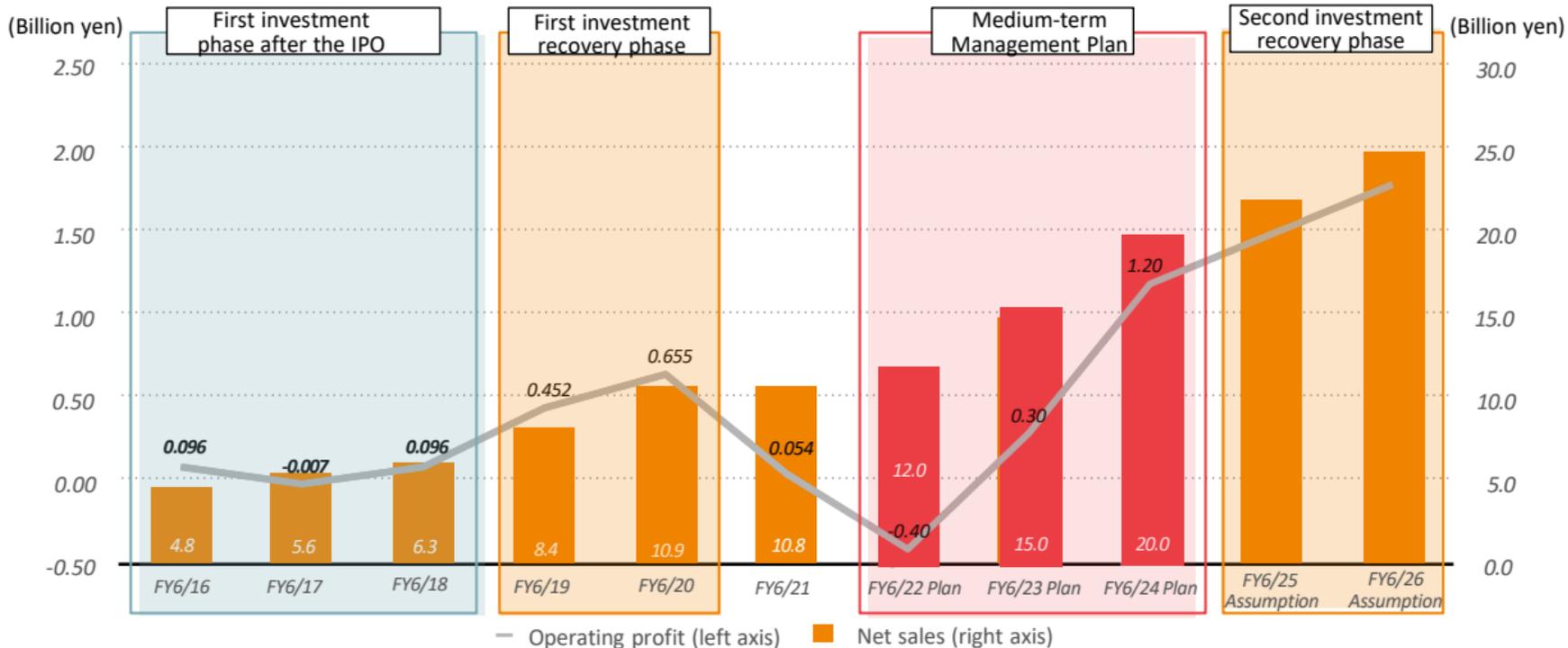
**Net sales: ¥20 billion (84% higher than in FY6/21)**

**Operating profit: ¥1.2 billion (22.1 times higher than in FY6/21)**

**The goal is two-year operating profit of at least ¥2.5 billion for FY6/24 and FY6/25**

# I Medium-term Management Plan Goals: Forecasts

Building a path for using sales growth to increase earnings to accomplish the goal of a two-year operating profit of at least ¥2.5 billion



# I Medium-term Management Plan Goals:

## First investment phase after the IPO (June 2016 - June 2018)

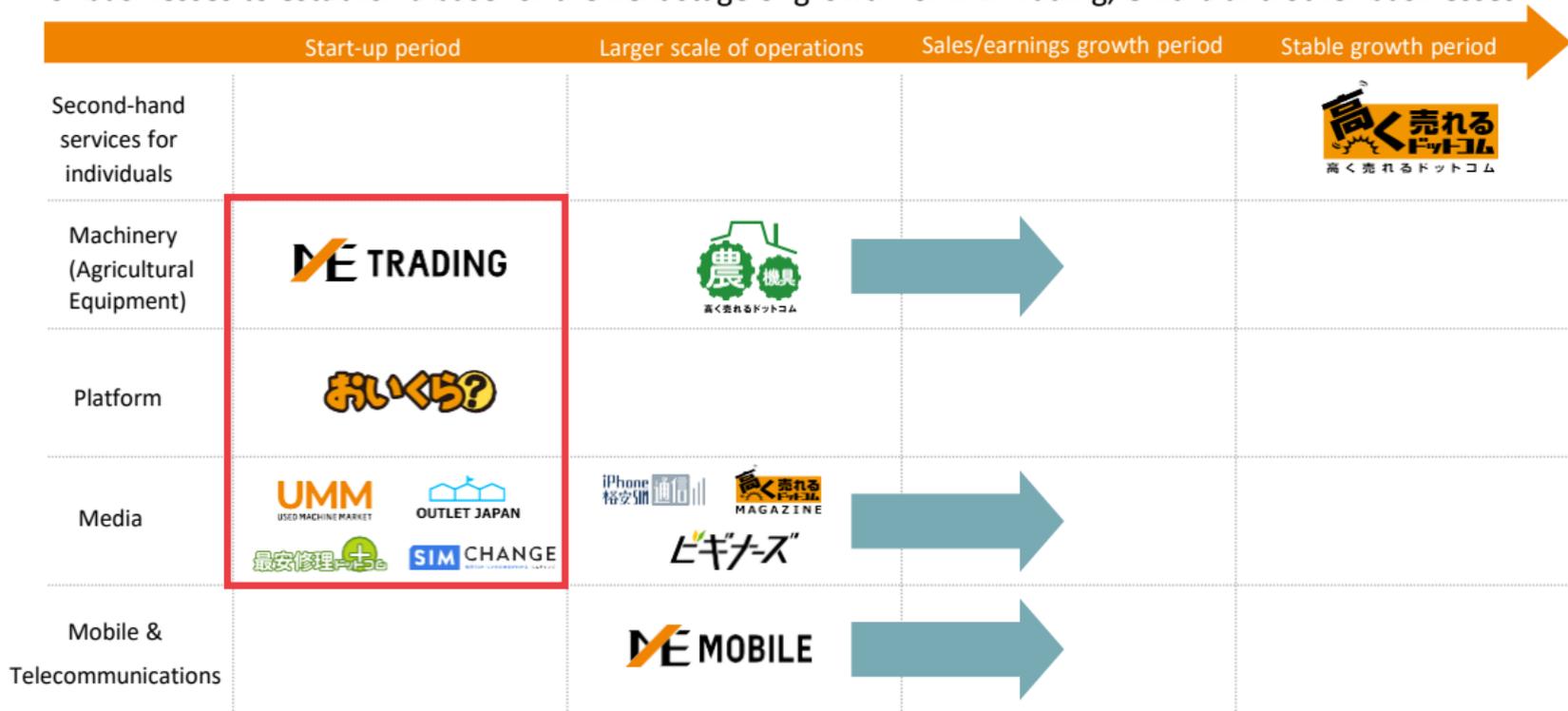
Investments to advance to a growth phase for the machinery, a new business, and the media and mobile & telecommunications categories



# I Medium-term Management Plan Goals:

## First investment recovery phase (June 2019 - June 2020)

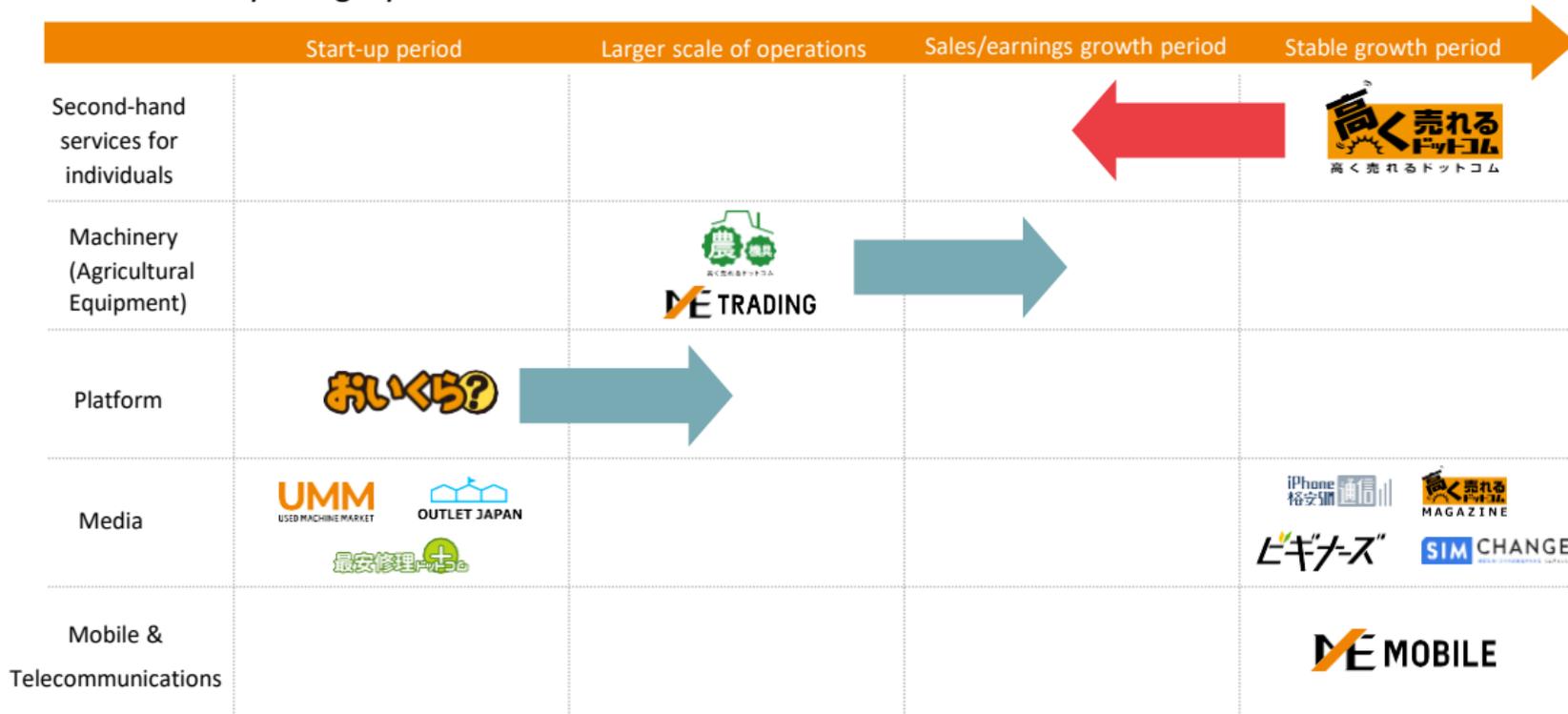
Earnings growth backed by the machinery, media and mobile & telecommunications categories and acquisitions of businesses to establish a base for the next stage of growth for ME Trading, Oikura and other businesses



# I Medium-term Management Plan Goals:

## Current Medium-term Plan (Second investment phase June 2022 - June 2024)

Return the core second-hand services for individuals business to growth and speed up the growth of the machinery category and Oikura



# I Medium-term Management Plan Goals:

## Second investment recovery phase (starting in June 2025)

Goals are steady growth of earnings backed mainly by consistent growth of second-hand services for individuals and recurring-revenue in the Oikura and mobile & telecommunications businesses



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## II Key Issues

### Three priorities for the MarketEnterprise Group

- (1) Second-hand online: Return second-hand services for individuals to growth
- (2) Second-hand online: Create a new strategy for the growth of Oikura
- (3) Media: Business structure vulnerable to search engine optimization changes

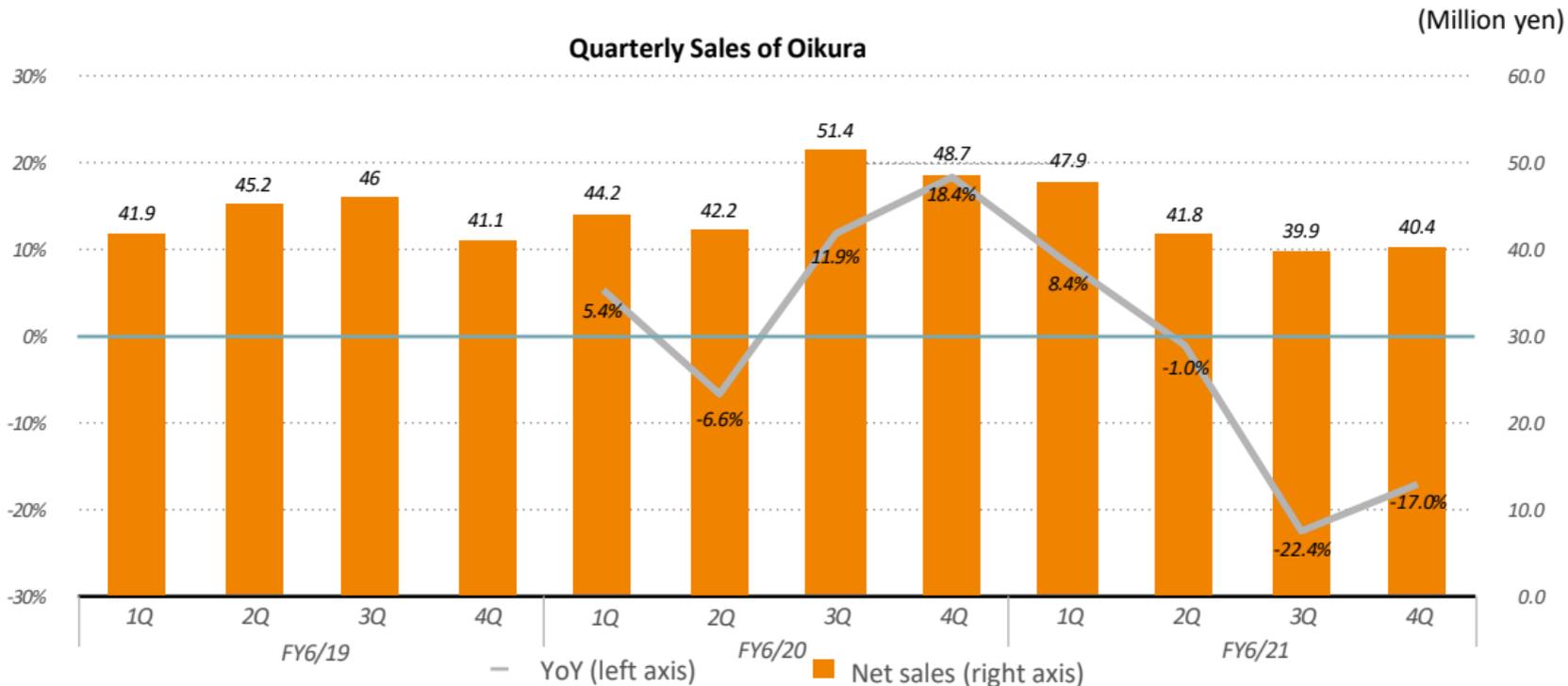
## II Key Issues (1) Return second-hand services for individuals to growth

Machinery is growing rapidly but second-hand services for individuals are generally flat

(Million yen)	FY6/17	FY6/18	FY6/19	FY6/20	FY6/21	5-year CAGR
Second-hand online sales	5,619	5,791	6,359	6,702	6,601	4.1%
Second-hand services for individuals	5,582	5,557	5,871	5,819	5,350	-0.9%
Machinery (agricultural and construction equipment)	37	234	415	697	1,061	131.1%
Oikura	0	0	73	187	169	-

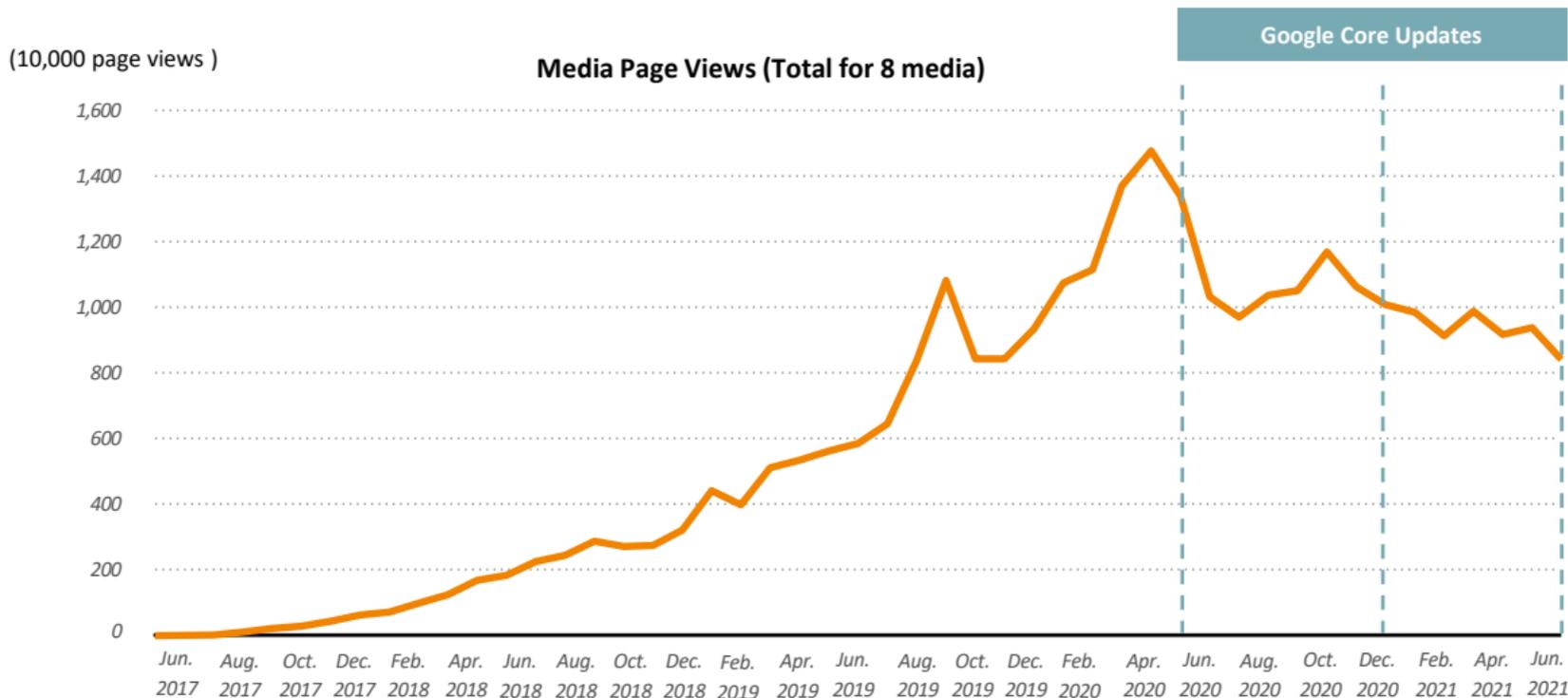
## II Key Issues (2) Create a new strategy for the growth of Oikura

Sales have been low since the 2Q of FY6/21



## II Key Issues (3) Business structure vulnerable to search engine optimization changes

Page views are declining because of the Google core updates



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## III Strategies

### **(1) Growth Strategies for Second-hand Online Business**

- i Growth Strategies for Second-hand Services for Individuals
- ii Growth Strategies for Machinery (Agricultural and Construction Equipment)
- iii Growth Strategies for Oikura

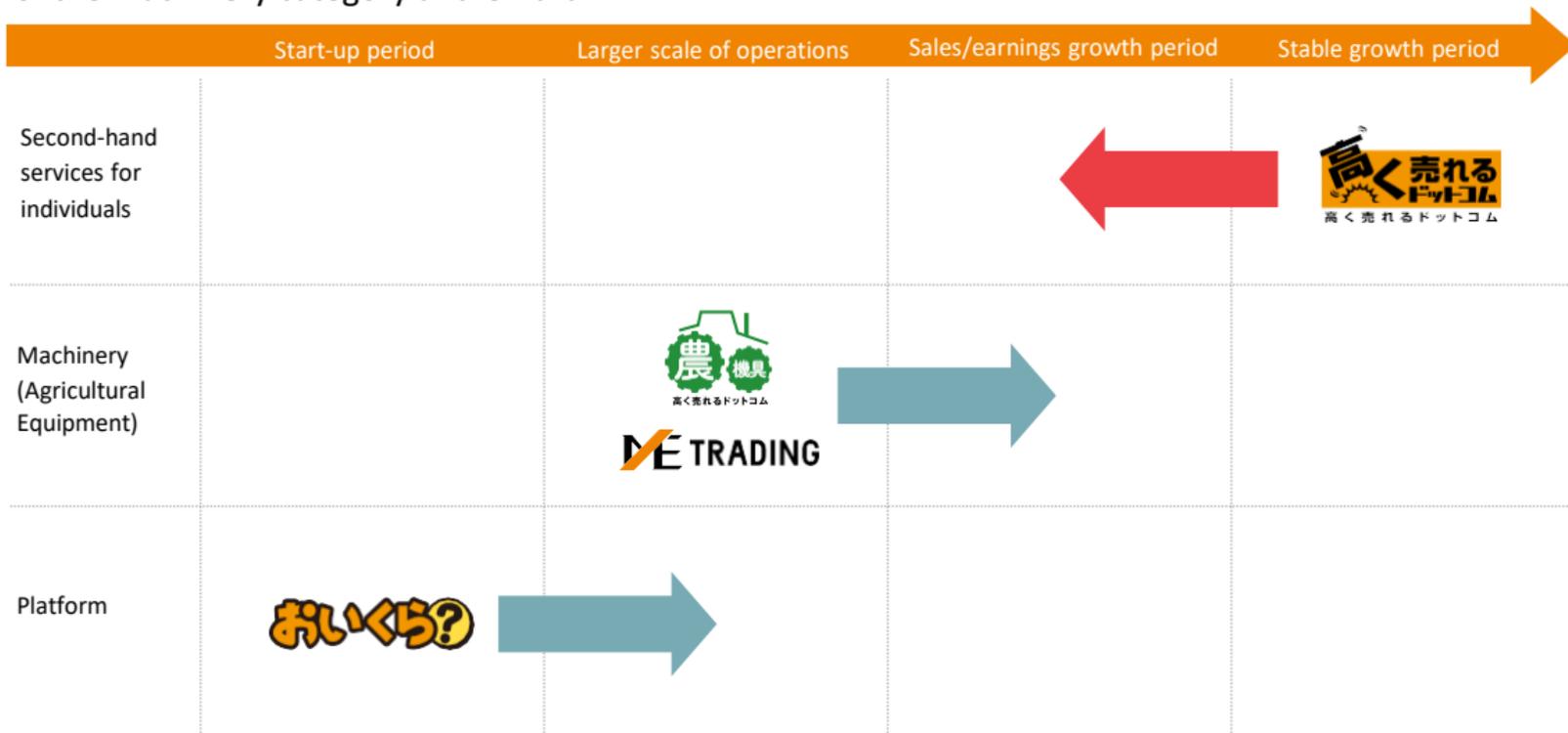
### **(2) Media Business Strategies**

### **(3) Mobile & Telecommunications Business Strategies**

### **(4) Mid-term Performance Target**

# (1) Growth Strategies for Second-hand Online Business

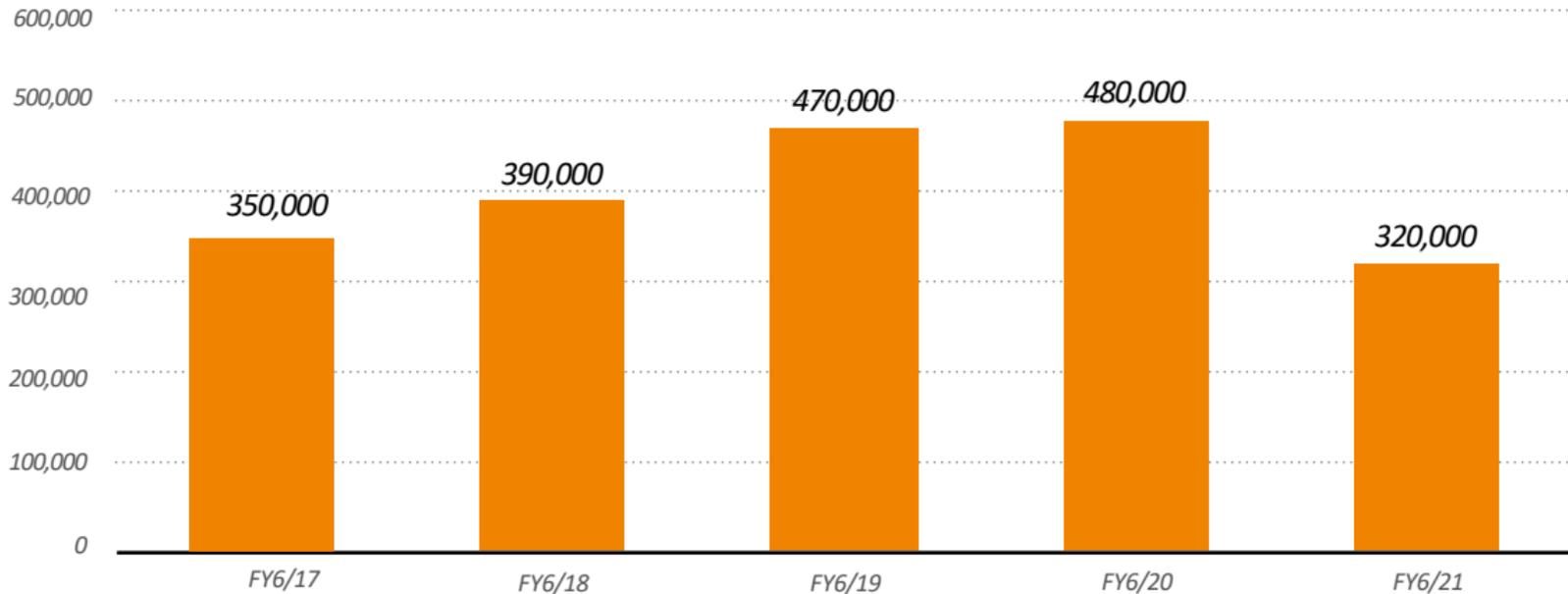
Return the core second-hand services for individuals business to growth and speed up the growth of the machinery category and Oikura



## (1) - i Growth Strategies for Second-hand Services for Individuals : Purchase requests

Purchase requests fell to about 320,000 in FY6/21 because of the decision to focus on attracting requests in categories that produce high profit margins

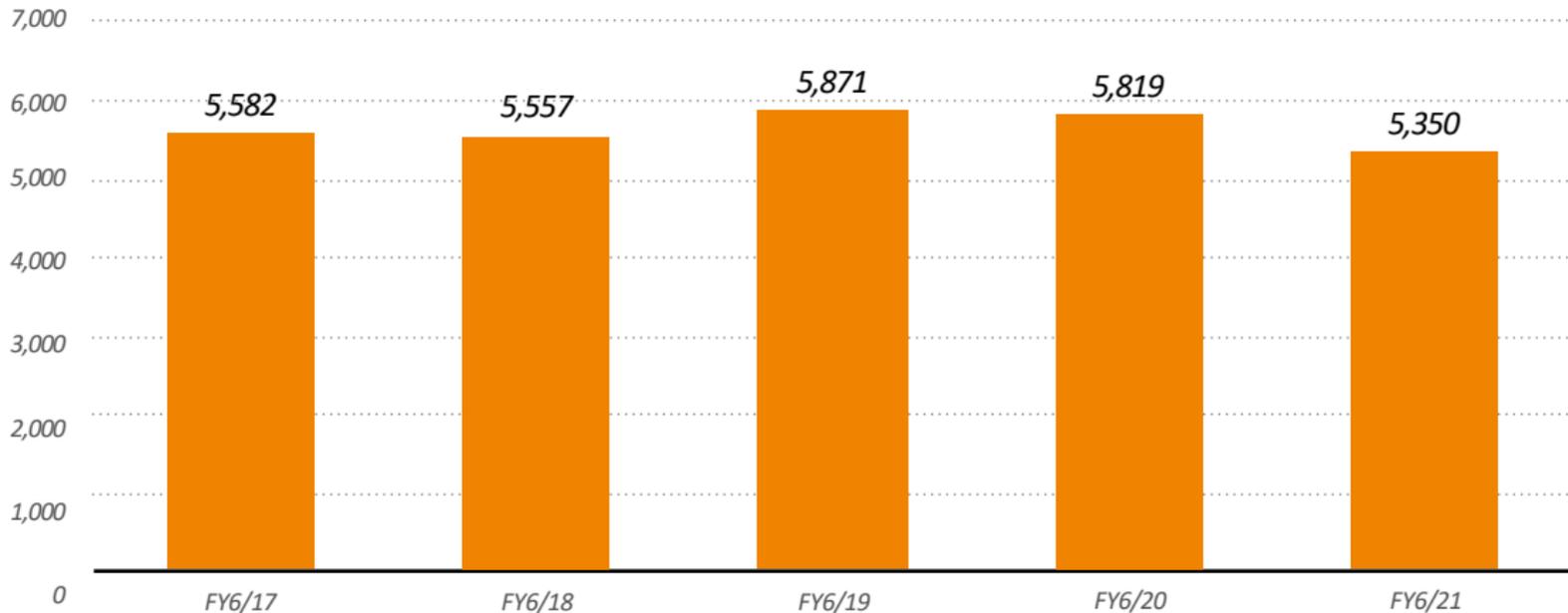
(Number of requests)



## (1) - i Growth Strategies for Second-hand Services for Individuals: Net sales

Basically no change in sales

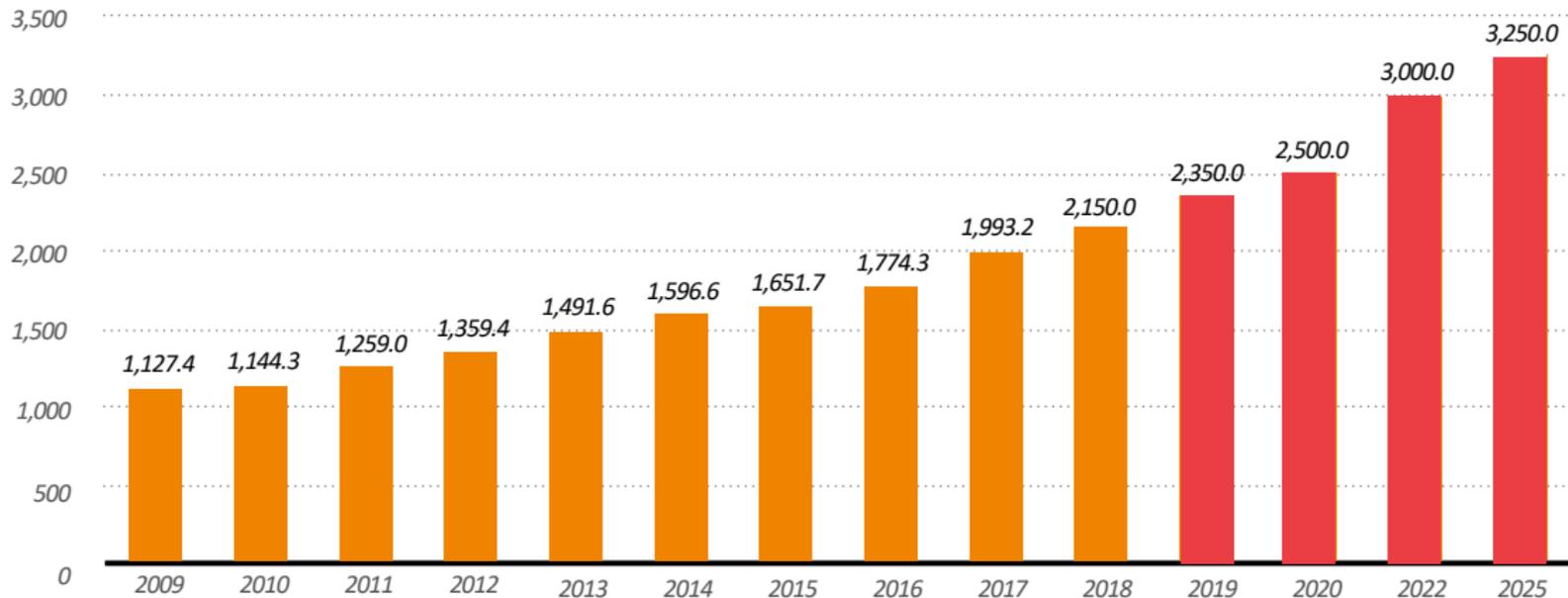
(Million yen)



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

Japan's second-hand market is expected to continue to grow

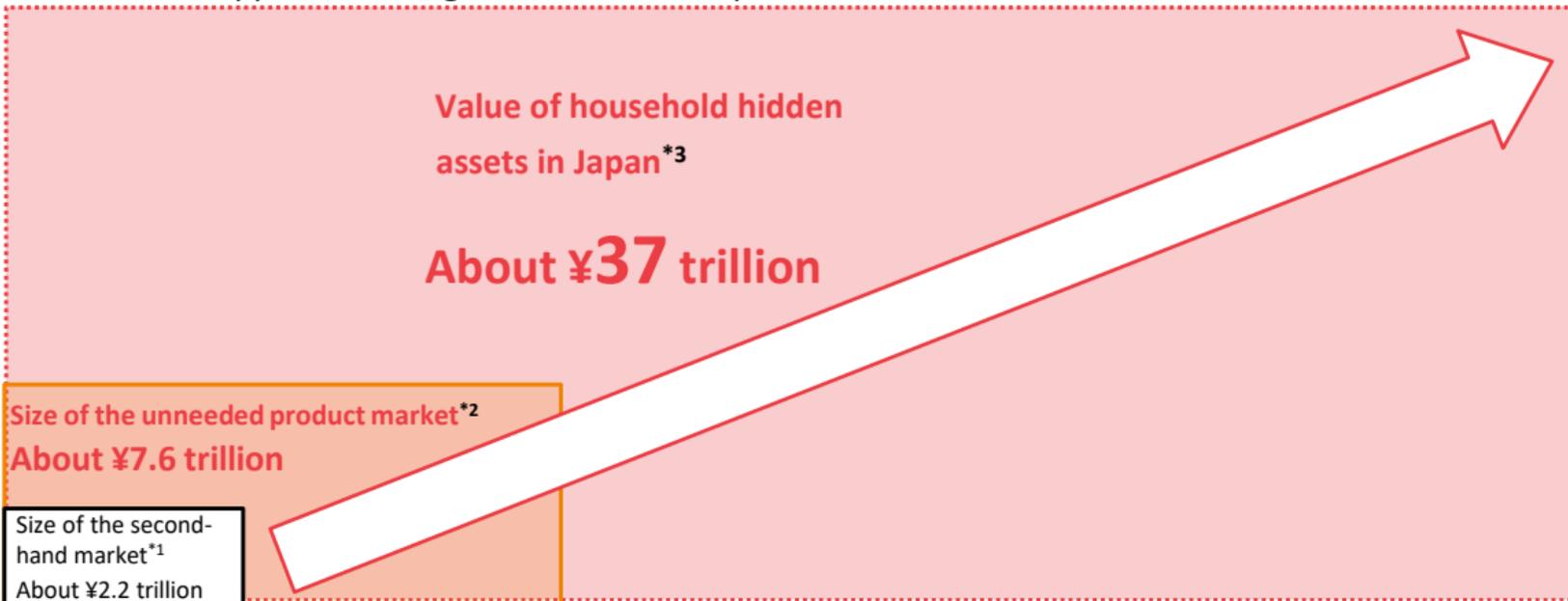
(Billion yen)



Source: 2020 Used Product Market Data Book, Recycle Tsushin

## (1) - i Growth Strategies for second-hand Services for Individuals: Business Climate (2) Potential Growth of the Second-hand Market

Enormous untapped market; growth in scale of operations needed to stimulate demand



\*1 2020 Used Product Market Data Book, Recycle Tsushin

\*2 Infrastructure for a Data-driven Society in Japan (E-commerce Market Survey), Ministry of Economy, Trade and Industry (2017)

\*3 Consumer Hidden Assets Survey Committee press release (November 2018)

## (1) - i Growth Strategies for Second-hand Services for Individuals

Build a foundation for the shift to renewed growth of both purchase requests and purchases



More  
purchase  
requests



Increase in  
purchasing  
capabilities

## (1) - i Growth Strategies for Second-hand Services for Individuals (More purchase requests: 1)

More customers by using more methods to attract purchase requests and covering more product categories



More  
purchase  
requests

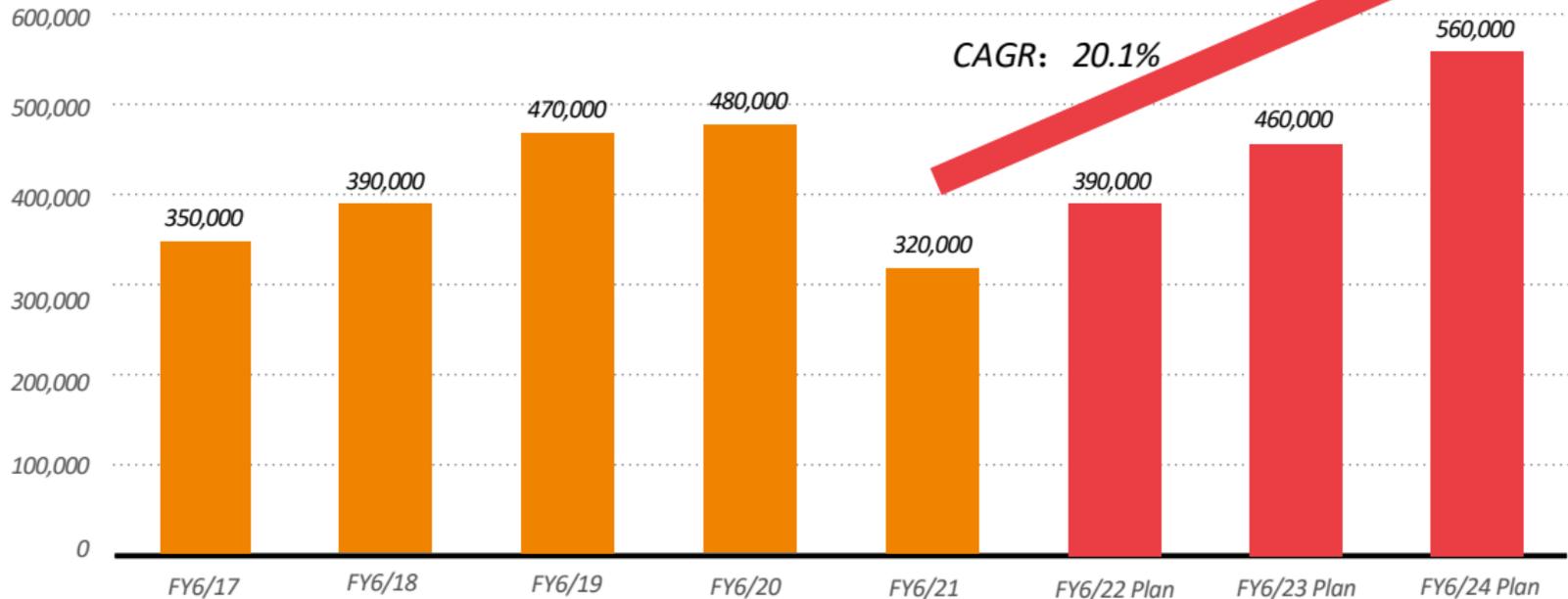
- Expansion of key words used for attracting customers
- Extensive use of MarketEnterprise SEO media
- Addition of more product categories for purchases

# (1) - i Growth Strategies for Second-hand Services for Individuals (More purchase requests: 2)

Aiming for average annual growth of about 20%

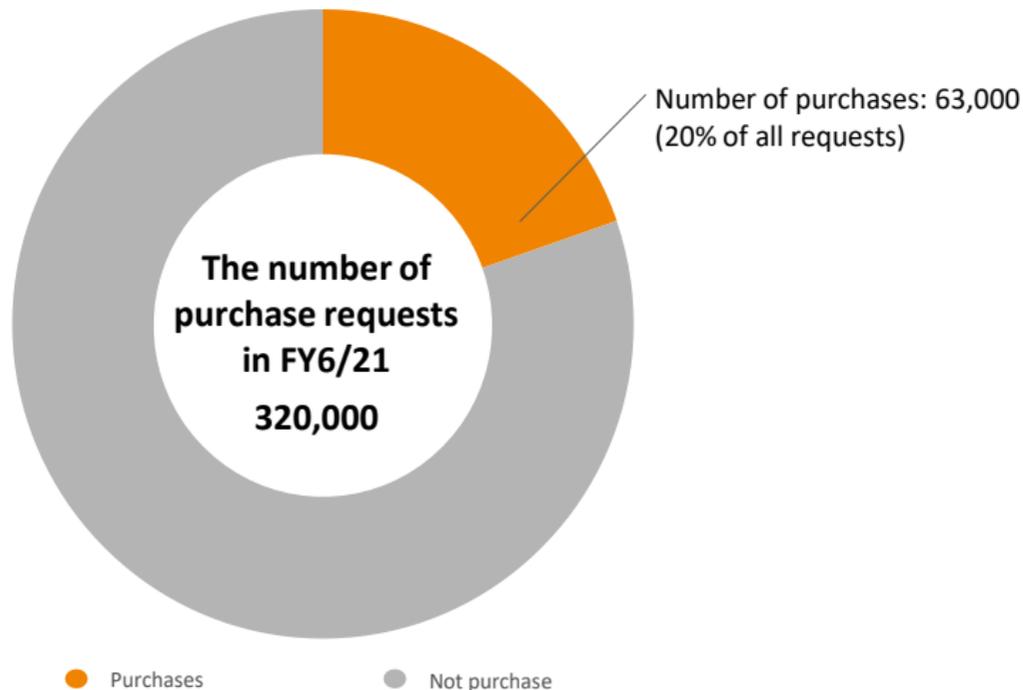
(Number of requests)

The number of annual purchase requests



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

Currently able to complete purchases for only about 20% of customers' purchase requests



## (1) - i Growth Strategies for Second-hand Services for Individuals: Increase in Purchasing Capabilities (2)

Increase purchasing capabilities and capacity by increasing the number of locations, adding more product categories, targeting more customer segments and channeling more resources to the pick-up purchasing service

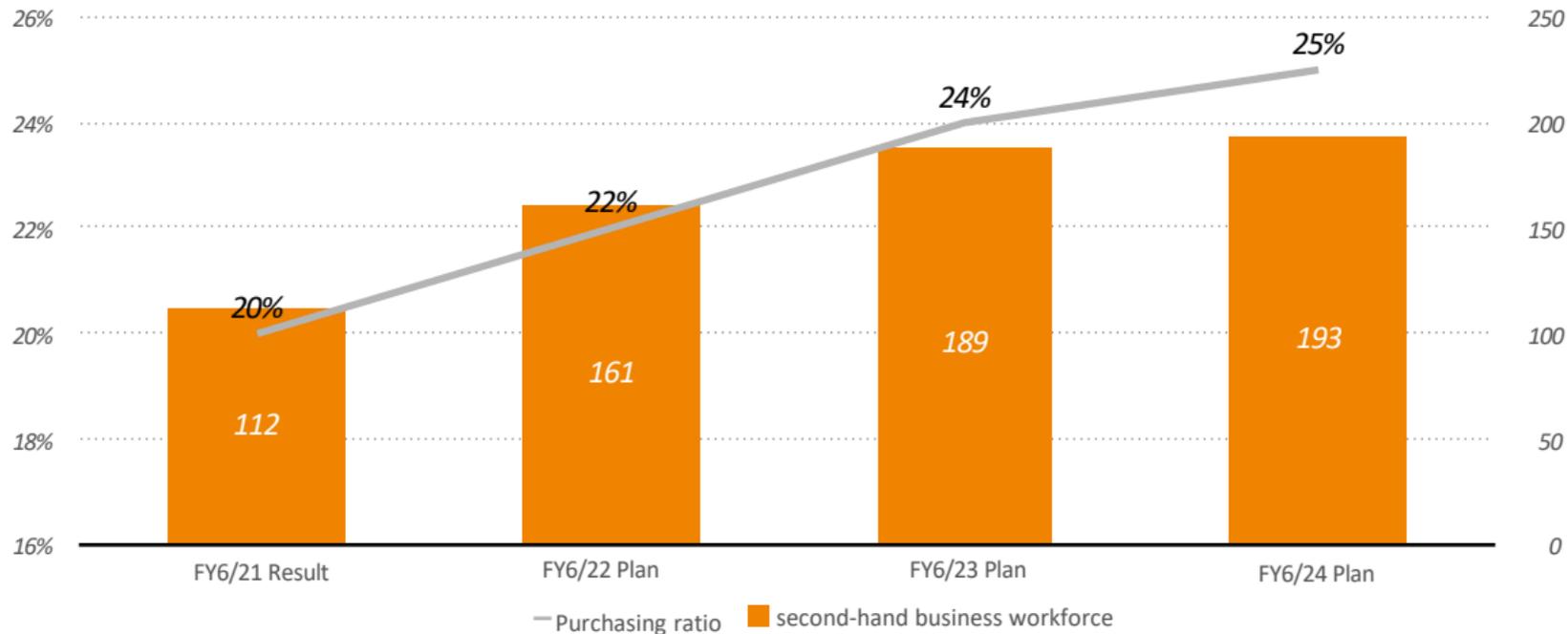


**Increase in  
purchasing  
capabilities**

- More people and vehicles for purchases at a customer's home or business
- More purchasing locations, mainly for the pick-up service
- More product categories and customer segments

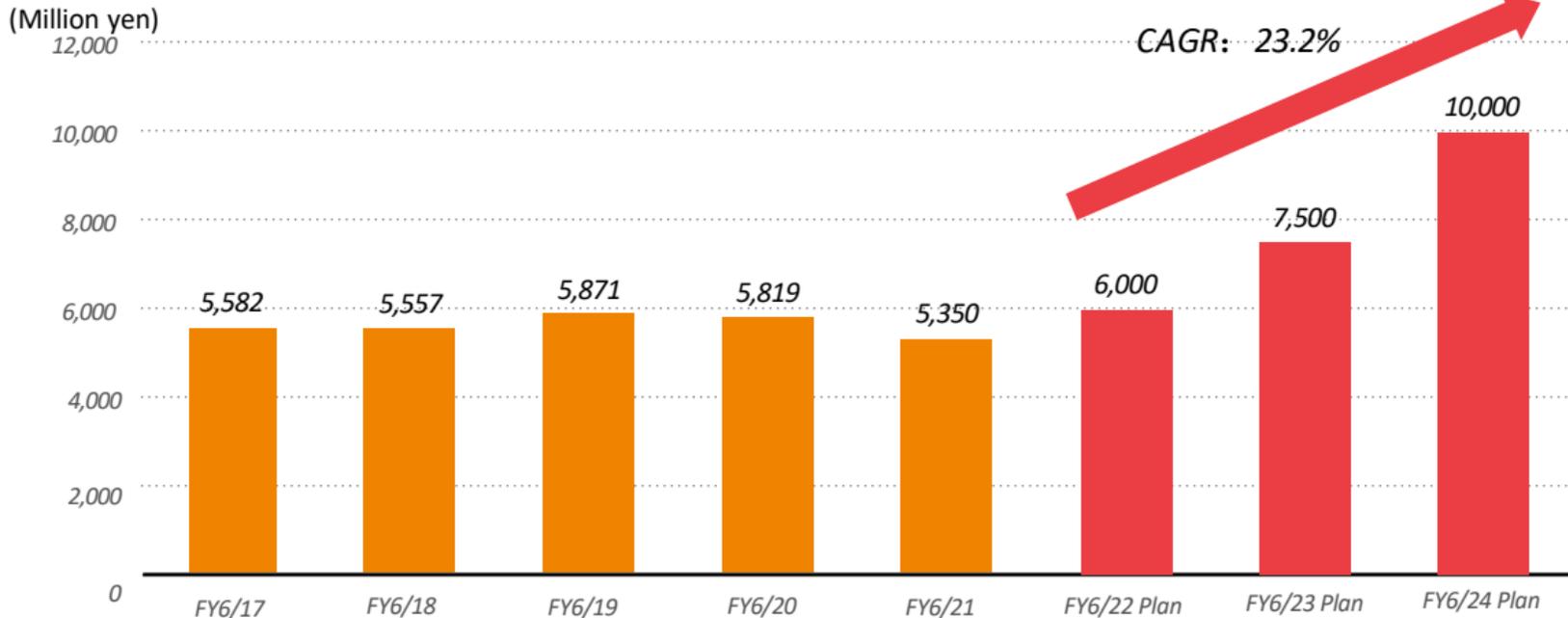
## (1) - i Growth Strategies for Second-hand Services for Individuals: Increase in Purchasing Capabilities (3)

Goal is a purchasing ratio of 25% by using more people for pick-up purchases, adding more product categories and targeting more customer segments



## (1) - i Growth Strategies for Second-hand Services for Individuals : Sales Forecasts

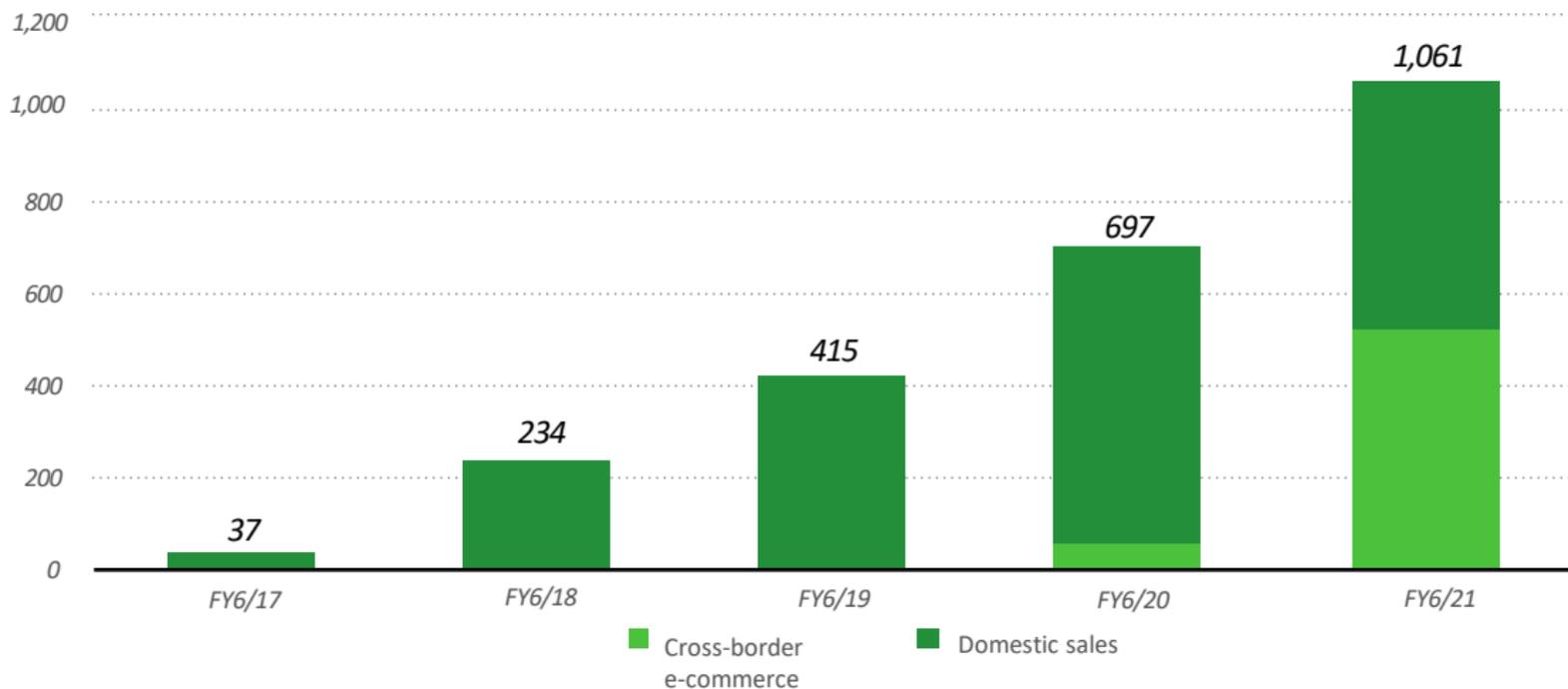
The goal is average annual growth of at least 20% starting in FY6/22 by using numerous strategic initiatives



## (1) - ii Growth Strategies for Machinery (Agricultural Equipment) : Past Performance

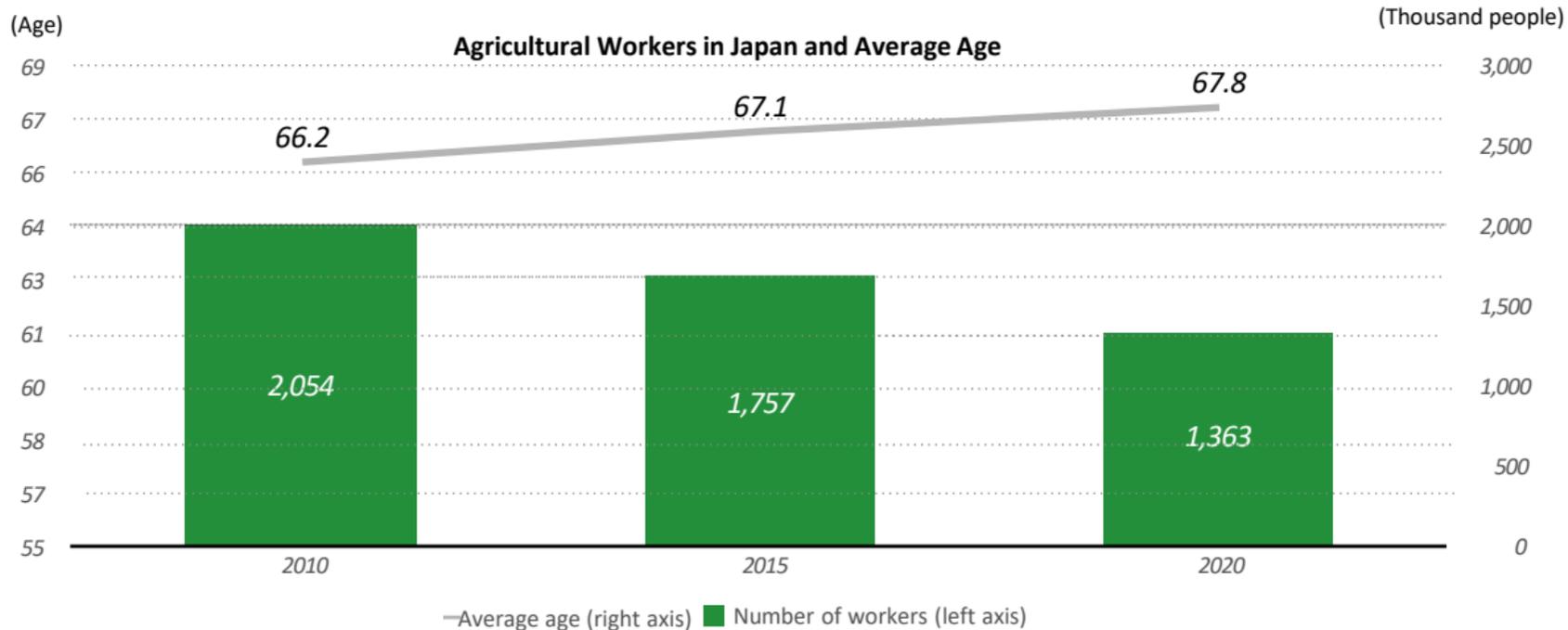
Steady growth

(Million yen)



## (1) - ii Growth Strategies for Machinery (Agricultural Equipment) : Business Climate (1)

Consistent demand for buying used agricultural equipment because of the declining number of agricultural workers in Japan and the aging population

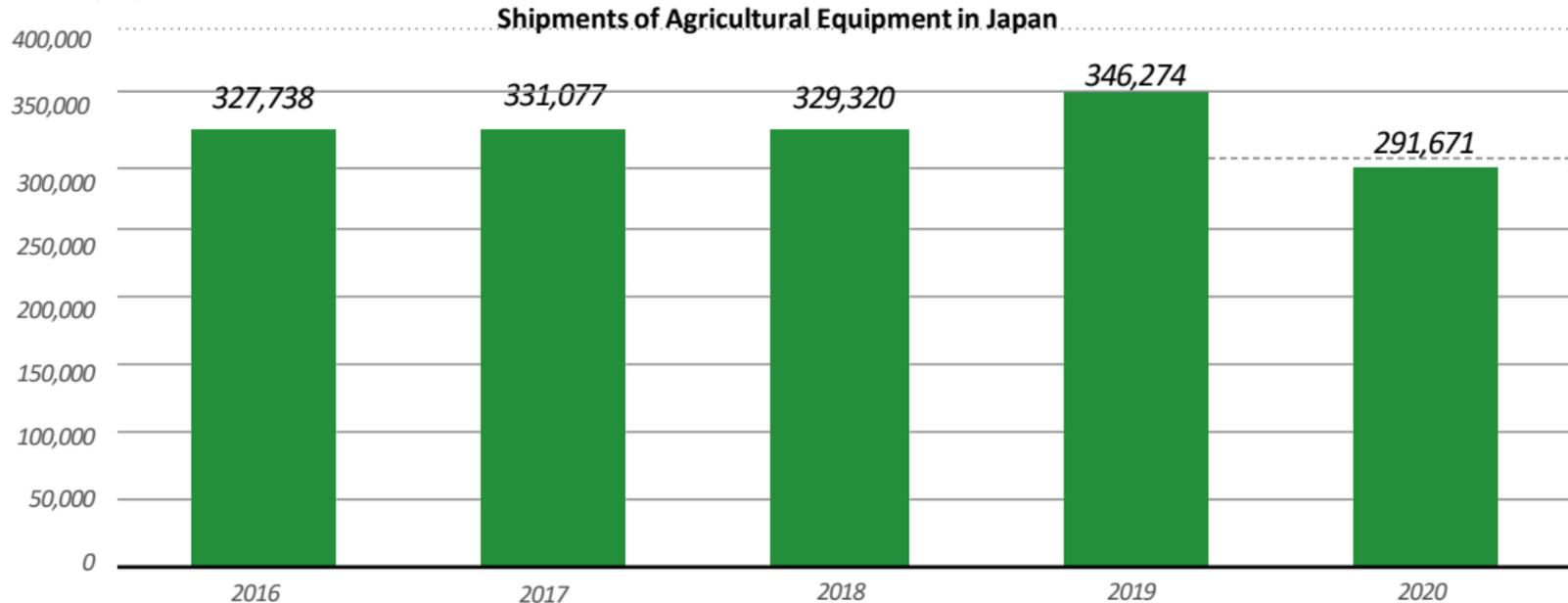


Source: 2020 Agriculture and Agricultural Village White Paper, Ministry of Agriculture, Forestry and Fisheries

## (1) - ii Growth Strategies for Machinery (Agricultural Equipment) : Business Climate (2)

Japan's agricultural equipment market decreased in 2020 due to COVID-19 but is expected to recover as the Japanese government supports the increasing use of agricultural machinery

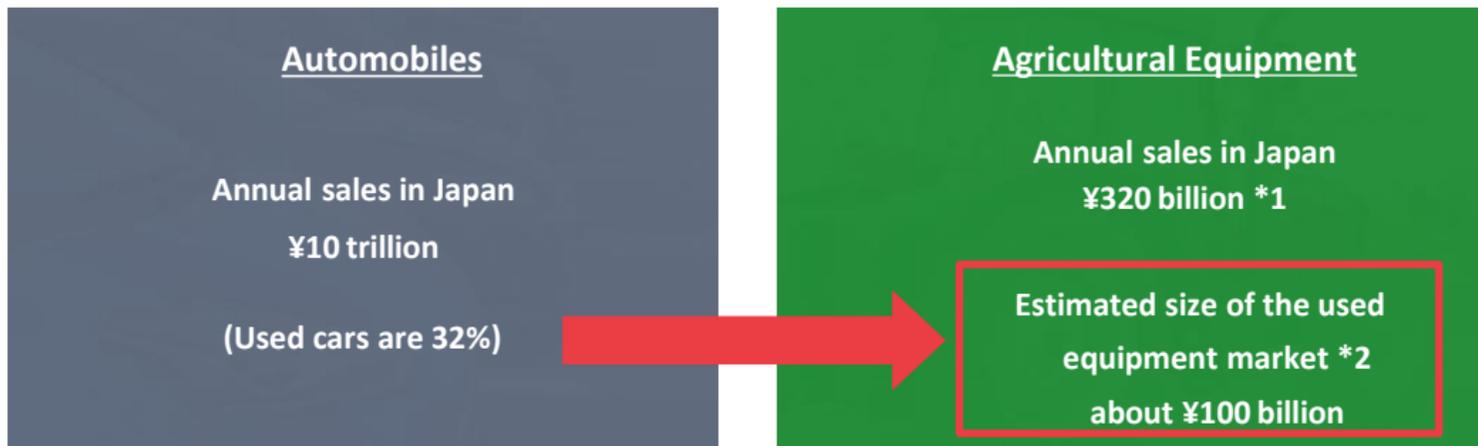
(Million yen)



Source: Japan Agricultural Machinery Manufacturers Association Shipments in Japan; Imports, Customs Statistics, Ministry of Finance

## (1) - ii Growth Strategies for Machinery (Agricultural Equipment) : Business Climate (3)

The actual size of the used agricultural equipment market in Japan is estimated to be about ¥10 billion, indicating that there is still much potential for more growth.



\*1 Average for the past five years

\*2 Total sales in Japan multiplied by a 32% market share for used cars

## (1) - ii Growth Strategies for Machinery (Agricultural Equipment) : Three-year Plan

### Purchases

- **Established the Kita-Kanto purchasing base as the main location for operations in eastern Japan**
- Continuing internet activities for attracting customers
- Increasing nationwide the number of partner stores that buy and sell agricultural equipment
- Plan to increase the number of purchasing base from the current two to four during the next three years

### Sales

- Continue selling equipment on YAHUOKU! and increase sales using the marketplace of UMM Co., Ltd. (a wholly owned subsidiary of MarketEnterprise)
- More vaning (loading containers) agency bases for cross-border e-commerce with partners

## (1) - ii Growth Strategies for Machinery (Agricultural Equipment) : Establishment of Kita-Kanto purchasing base

Expanded the site by about 40% to increase the capacity for buying agricultural equipment in eastern Japan and shipping equipment for cross-border e-commerce



Kita-Kanto purchasing base

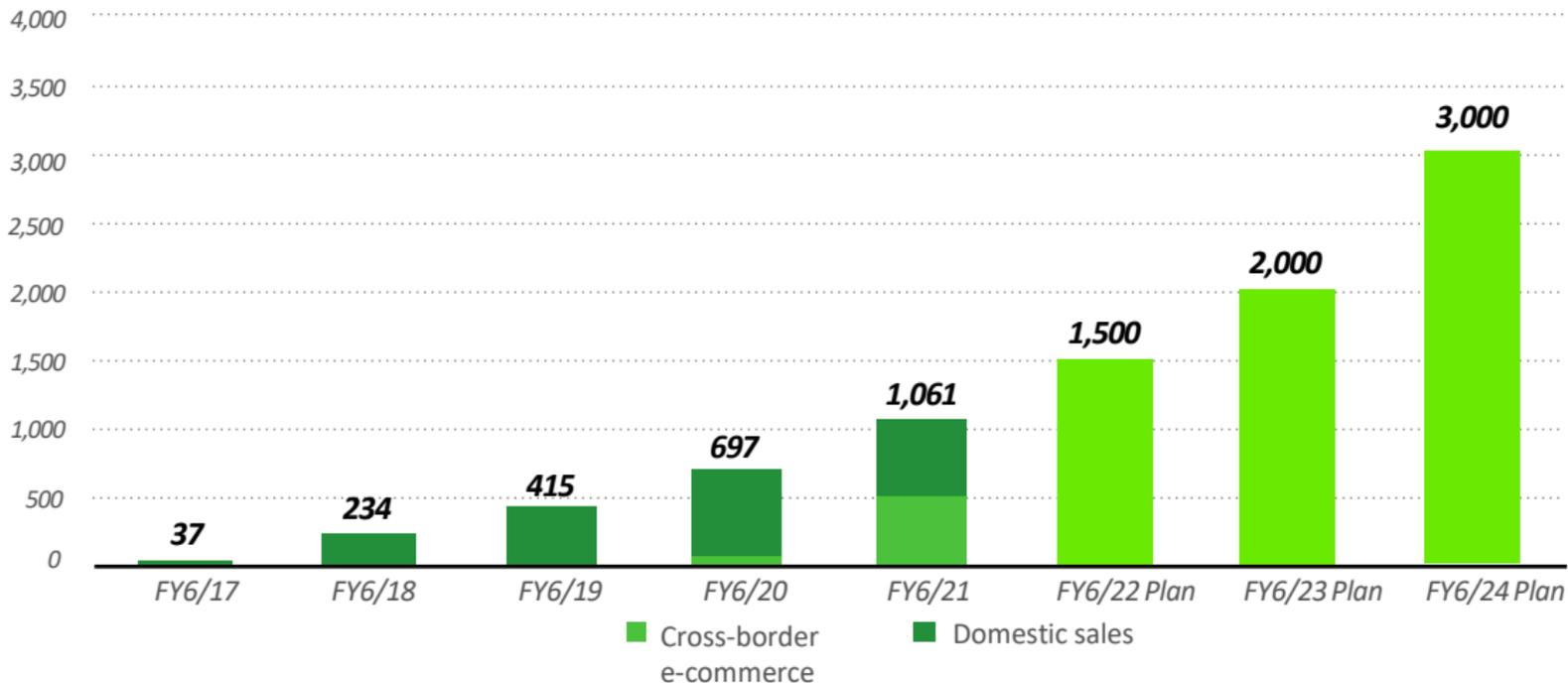
	Before establishment	After establishment
Site area	About 9,256m <sup>2</sup>	About 13,223m <sup>2</sup>
Tottori	About 6,612m <sup>2</sup>	About 6,612m <sup>2</sup>
Oyama → Kita- Kanto	About 2,644m <sup>2</sup>	About 6,612m <sup>2</sup>

## (1) - ii Growth Strategies for Machinery (Agricultural Equipment)

Plan on steady growth supported mainly by cross-border e-commerce

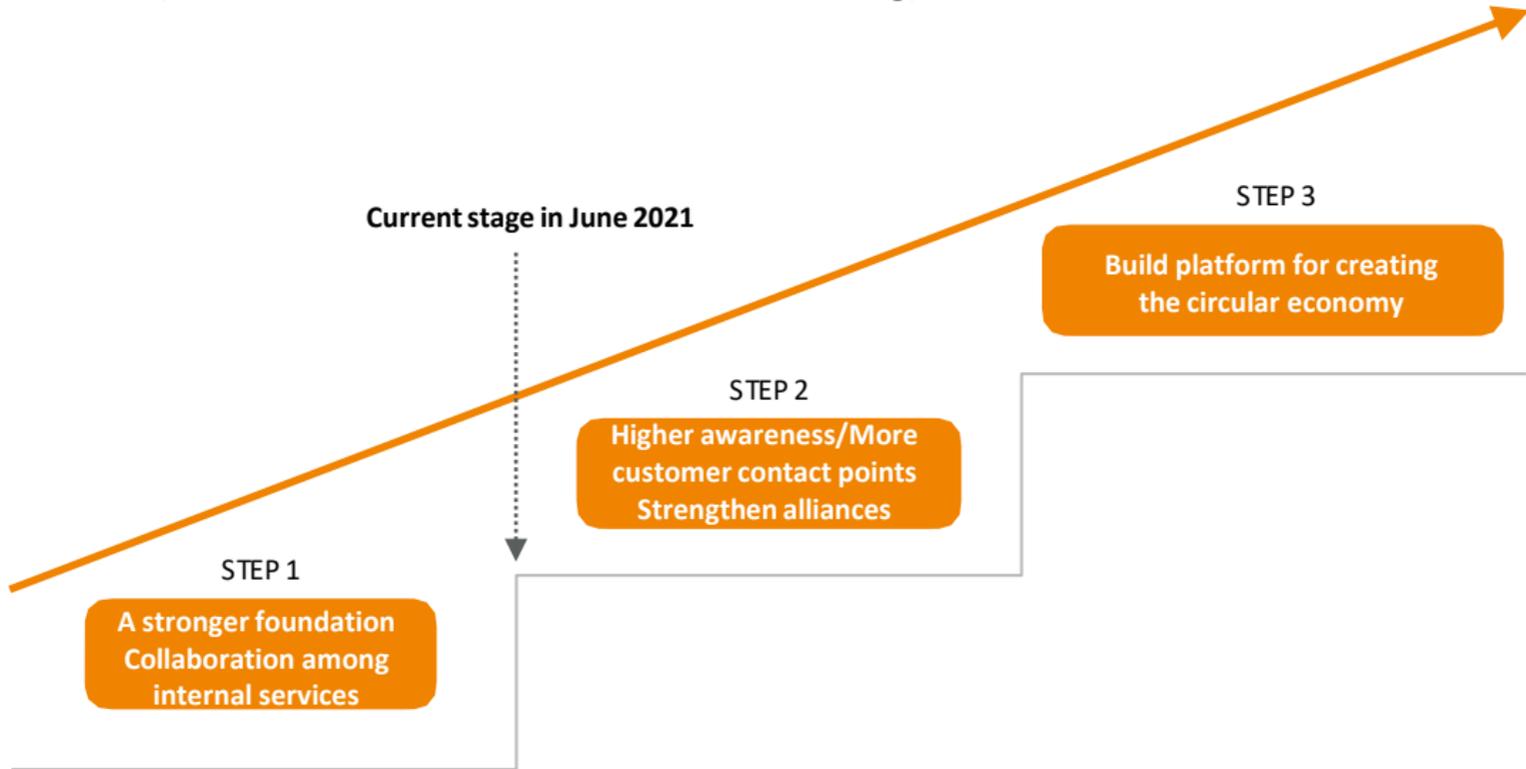
(Million yen)

Machinery Sales Plan

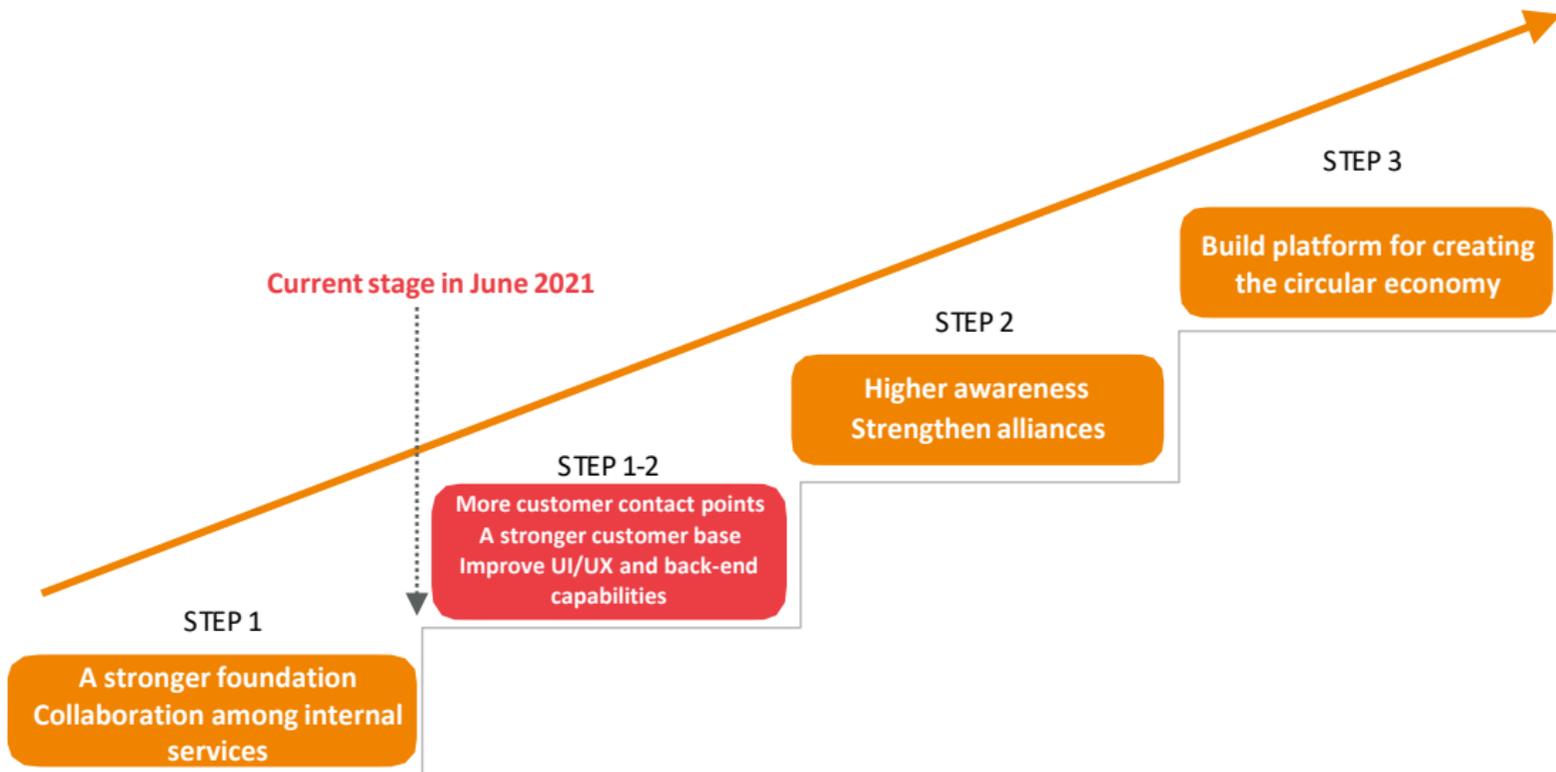


# (1) - iii Growth Strategies for Oikura: Oikura Growth Stages

(Source: FY2021 1H Financial Result Briefing)



## (1) - iii Growth Strategies for Oikura: Oikura New Growth Stages



## (1) - iii Growth Strategies for Oikura: Three Medium-term Goals



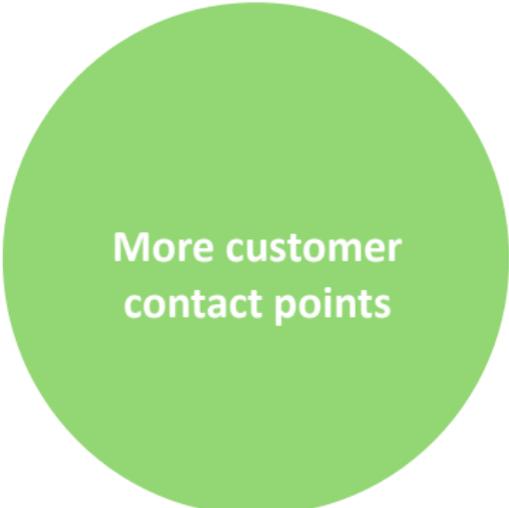
More customer  
contact points

Increase in the  
number of merchants

Improve UI/UX and  
back-end  
capabilities

## (1) - iii Growth Strategies for Oikura: More Customer Contact Points

Use many marketing activities, including the Oikura app, to increase the number of people using Oikura



More customer  
contact points

- Advertisements for installing the Oikura app
- Continue using Oikura internet advertisements
- Consider TV commercials once the number of partner stores has become sufficiently large

## (1) - iii Growth Strategies for Oikura: Increase in the number of merchants

Increase activities to add merchants with the goal of doubling the number of fee-paying stores

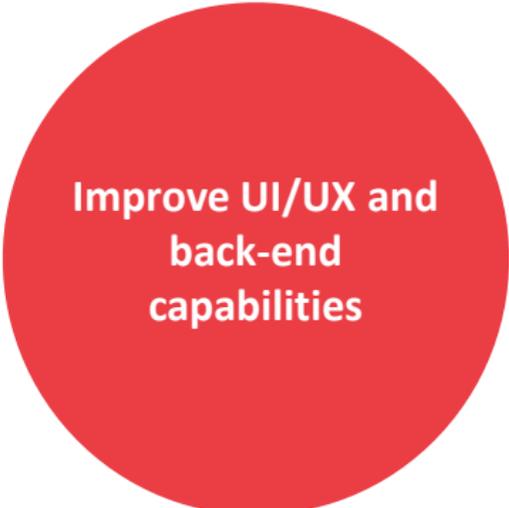


Increase in the  
number of merchants

- Use MarketEnterprise sales activities and partners to strengthen sales activities targeting thrift stores
- Sales activities targeting individual business owners with operations that include used items or antiques

## (1) - iii Growth Strategies for Oikura: Development Plan

Strengthen UI/UX and other IT system development activities



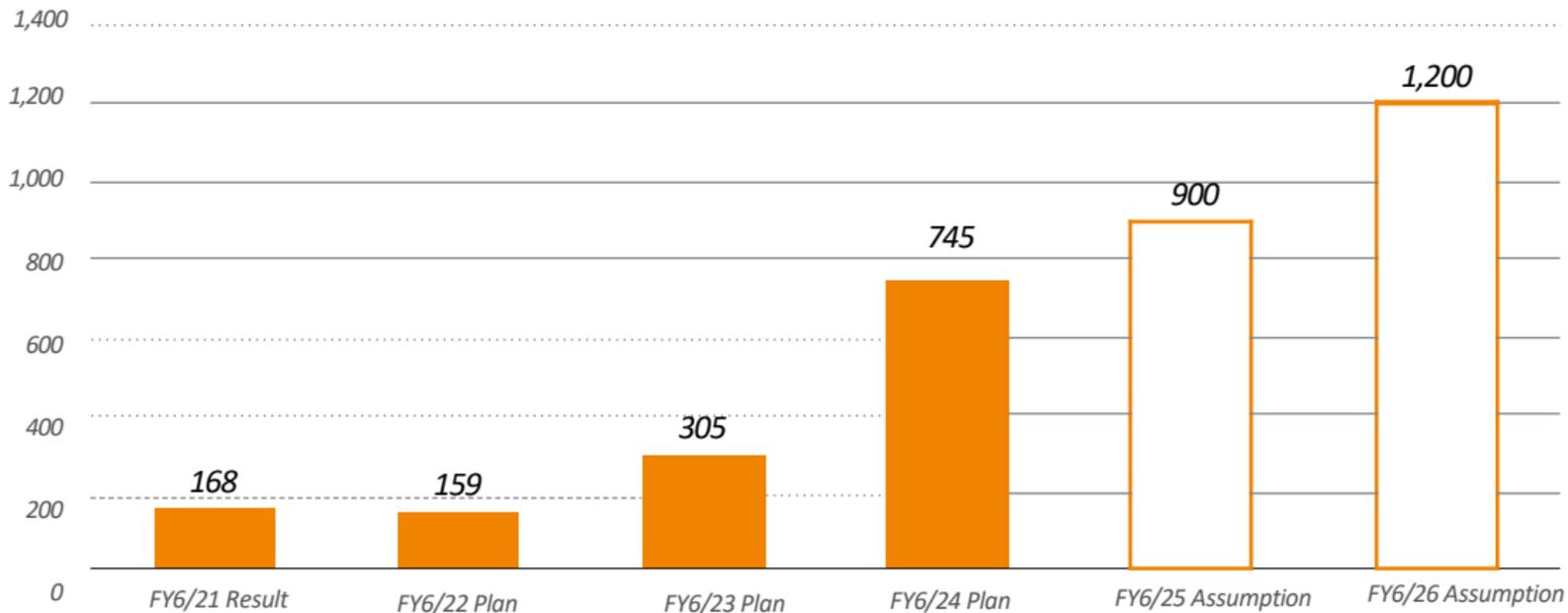
**Improve UI/UX and  
back-end  
capabilities**

- More convenience for customers for appraisals of used items, such as by improving the User My Page
- More convenience for merchants, such as by improving the merchants page and upgrading merchandise search functions
- Increase merchants' satisfaction by improving the content of the manual for using Oikura, such as by adding purchasing know-how and a Q&A section
- A new version of the IT system by improving the back-end system

## (1) - iii Growth Strategies for Oikura: Long term Business Plans

Build a more powerful foundation to enable Oikura to make a significant contribution to growth starting in FY6/24

(Million yen)

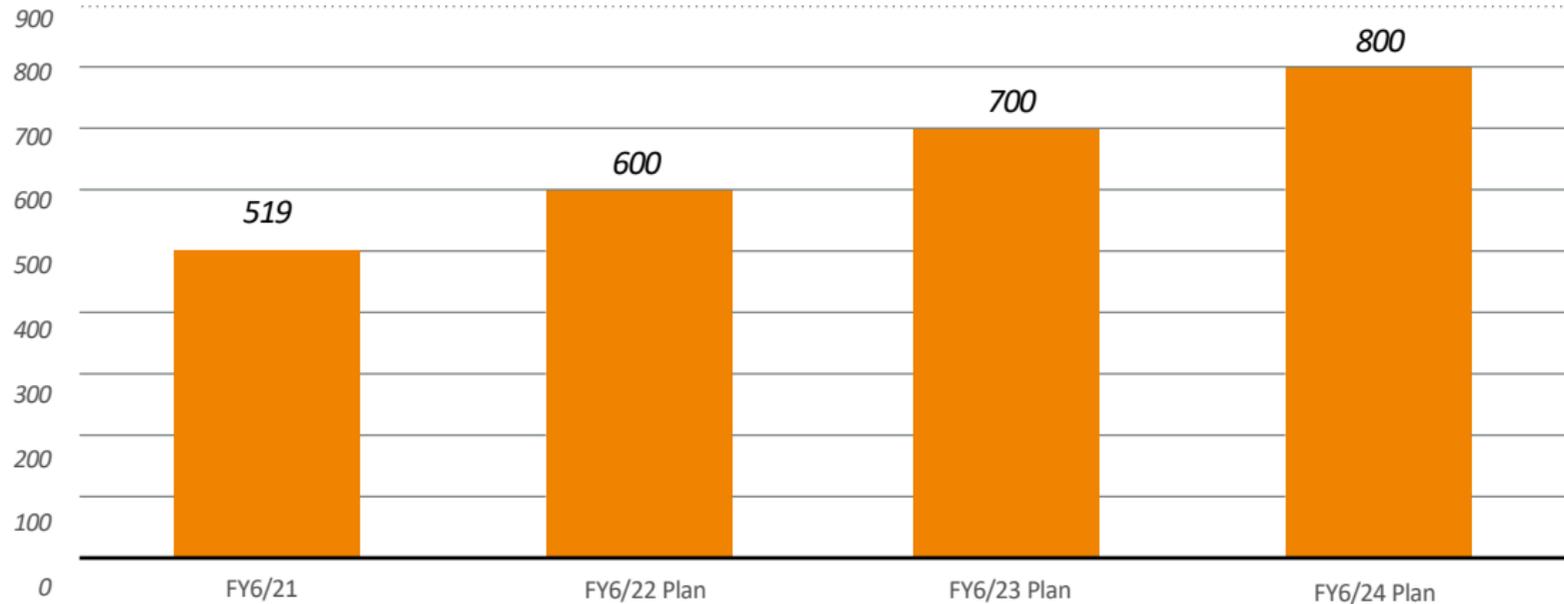


## (2) Media Business Strategies

The goal is strengthening current strategic initiatives in order to establish a framework for media business that is consistently profitable

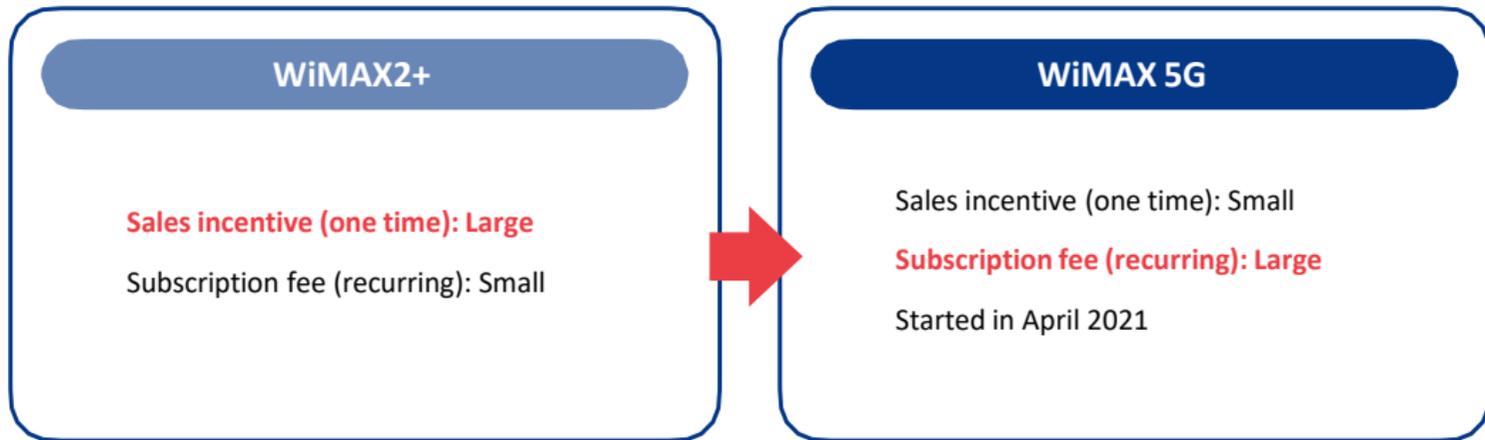
(Million yen)

Media Business Sales Plan



### (3) Mobile & Telecommunications Business Strategies: Revise the Profit Structure

Shift from one-time sales to recurring revenue to build a steadily larger base for future earnings\*

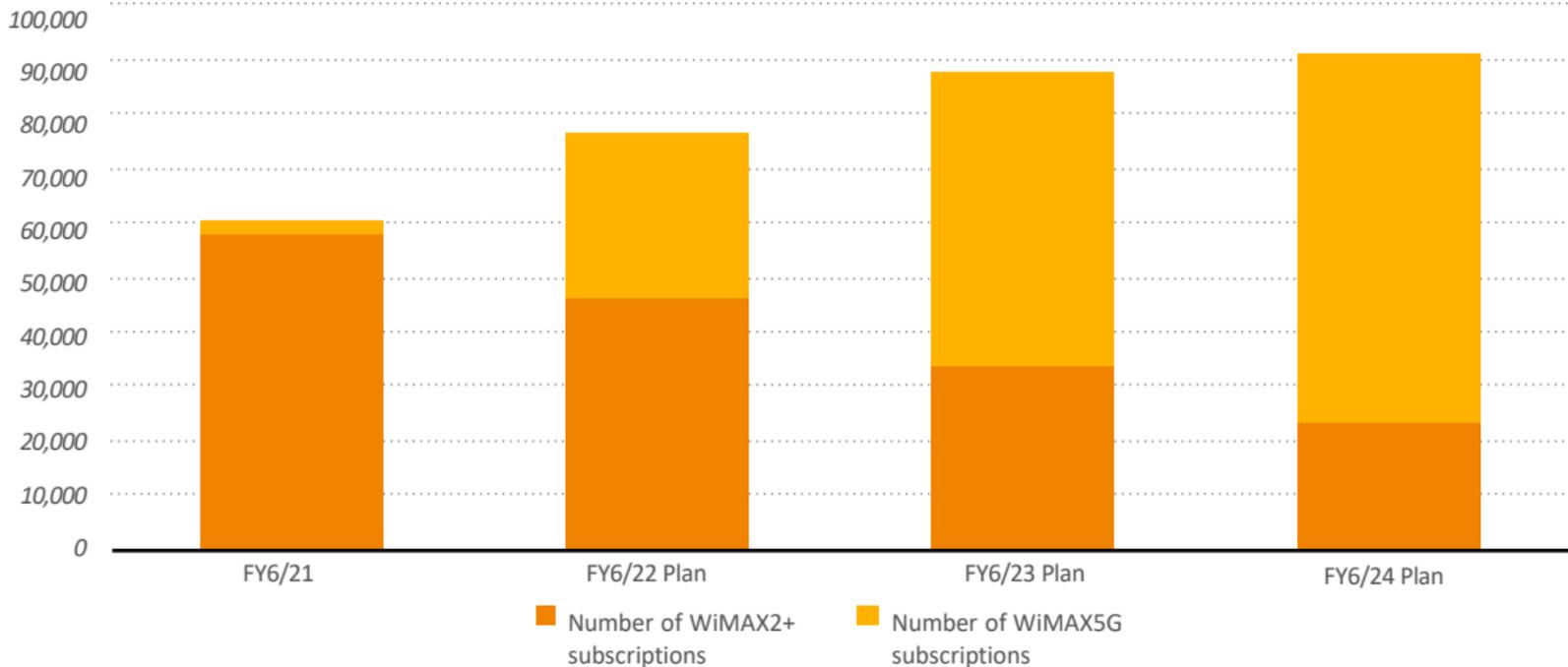


\*Future earnings: Earnings from fee income for communication services and other income expected from current service subscriptions

### (3) Mobile & Telecommunications Business Strategies: Composition of Service Subscriptions

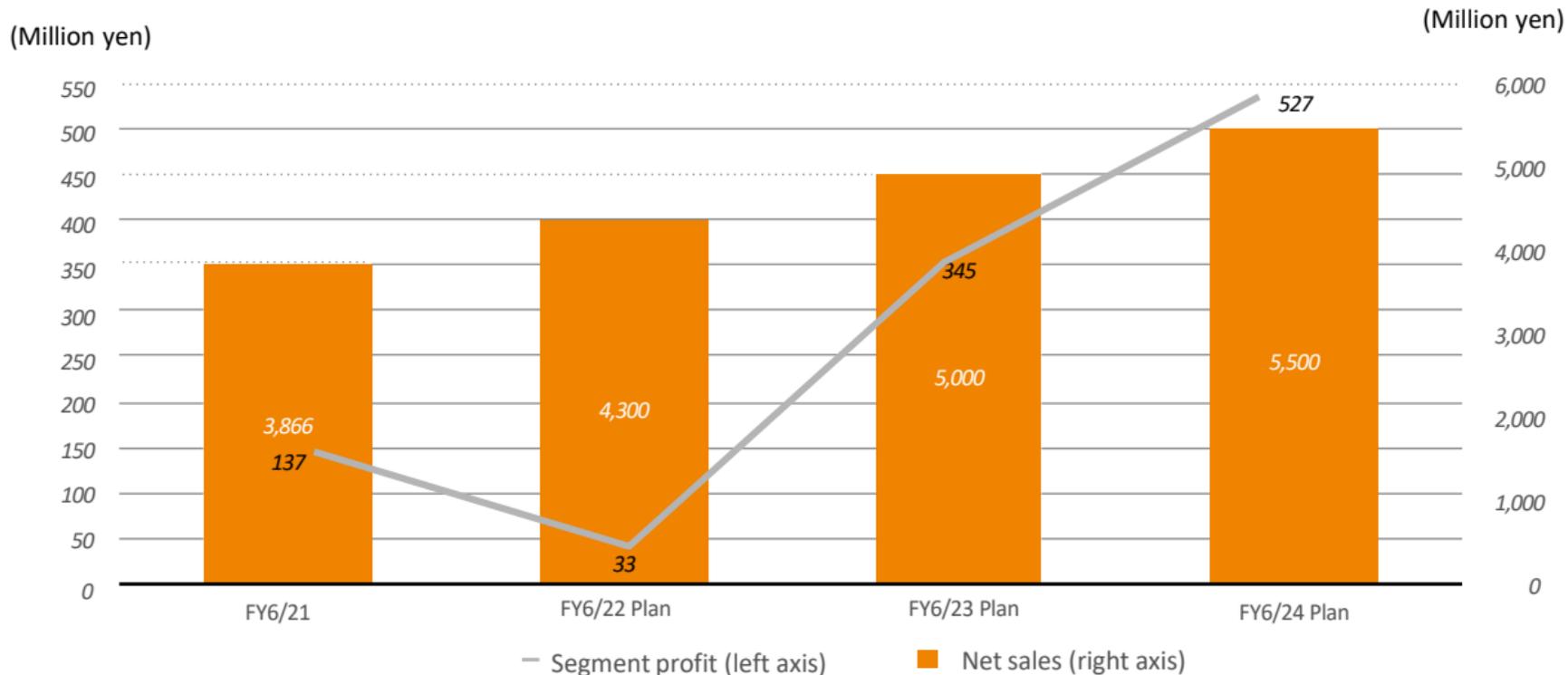
The percentage of recurring-revenue 5G contracts is expected to climb as the total number of service subscriptions increases

(Number of subscriptions)



### (3) Mobile & Telecommunications Business Strategies: Business Plans

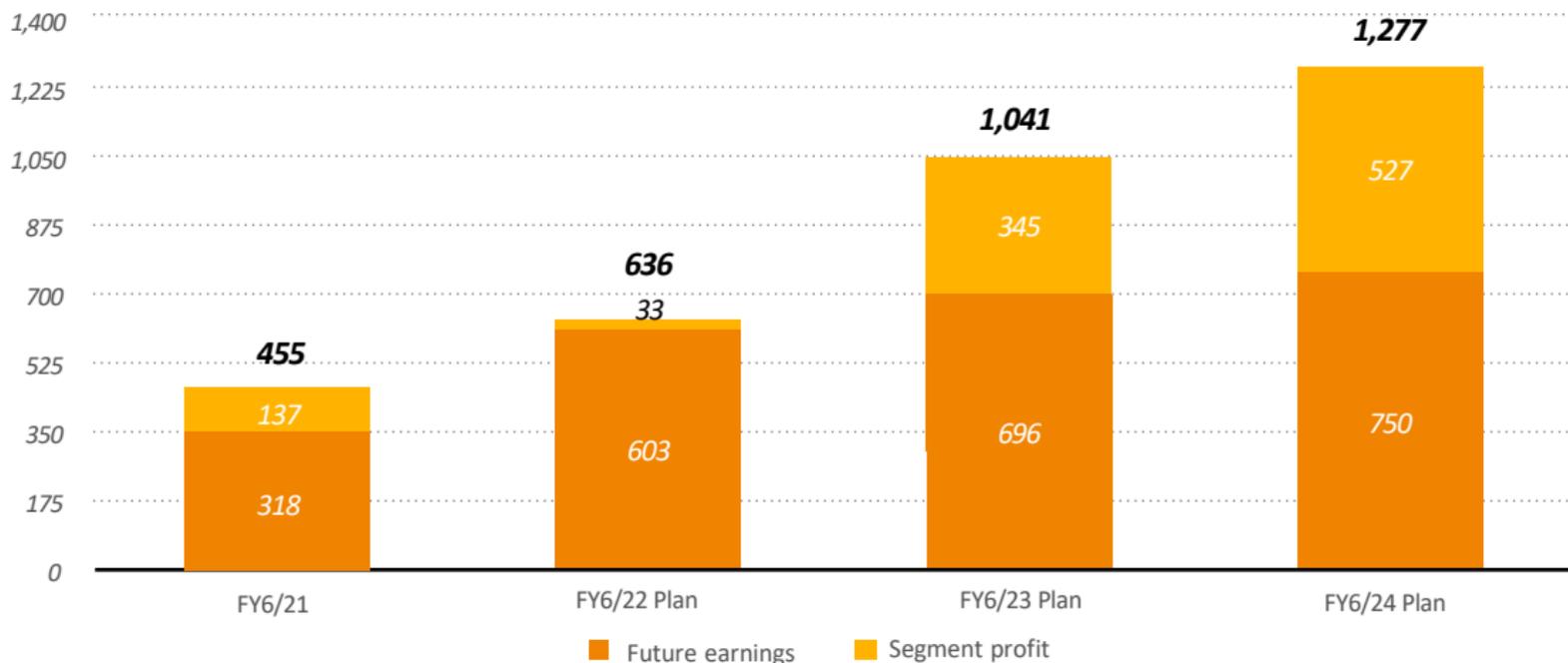
Anticipate a short-term decline in profits as the number of recurring-revenue 5G subscriptions increases



### (3) Mobile & Telecommunications Business Strategies: Future Earnings

The expected steady growth of future earnings during the next three years will contribute to establishing a stable base for the operations of MarketEnterprise Group

(Million yen)



## (4) Mid-term Performance Target

Aim to accomplish the earnings plan through sales growth supported primarily by the second-hand online business. Also plan to build a stable profit structure by increasing the volume of future earnings.

(Billion yen)	FY6/21 (Result)	FY6/22 (Plan)	FY6/23 (Plan)	FY6/24 (Plan)	CAGR
Net sales	1,087.5	1,200.0	1,500.0	2,000.0	122.5%
Second-hand Online	658.0	765.9	980.4	1,374.4	127.8%
Second-hand services for individuals	535.0	600.0	750.0	1,000.0	123.2%
Machinery (agricultural equipment)	106.1	150.0	200.0	300.0	141.4%
Oikura	16.9	15.9	30.4	74.4	163.9%
Media	51.9	60.0	70.0	80.0	115.5%
Mobile & Telecommunications	386.6	430.0	500.0	550.0	112.5%
Operating profit	5.4	(40.0)	30.0	120.0	280.7%
Operating profit to net sales	0.5%	-3.3%	2.0%	6.0%	-
Operating profit + Future earnings*	37.3	20.3	99.7	195.0	173.6%

\*Future earnings: Earnings from fee income for telecom services and other income expected from current service subscriptions

Forward-looking statements in this document, such as forecasts of business performance, include forward-looking statements, assumptions and projections that are the basis of our plans. Actual business results may differ substantially due to various factors.

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**To be an Optimized Trading Company for the creation of Sustainable Society**

