

NET
MARKETING
CO. LTD.

Net Marketing Co. Ltd.

FINANCIAL RESULTS

FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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for the Fiscal Year Ended
June 30, 2019

Financial Highlights

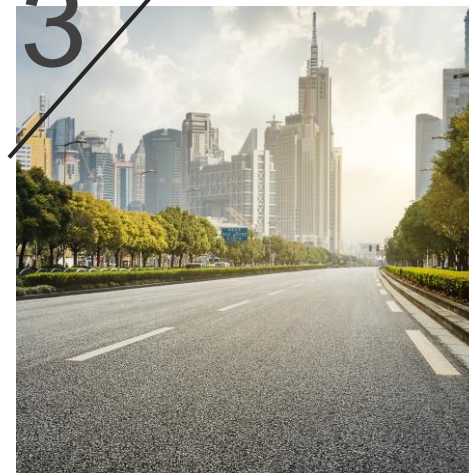
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for the Fiscal Year Ending
June 2020

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June 2019-June 2021

Progress of Medium-Term
Management plan

1

Financial Results
for the Fiscal Year
Ended June 30, 2019



Corporate

- Aug. 10** Announcement of Medium-Term Management Plan Announcement of 3-year plan including strategic investment
- Sep. 27** Ordinary general meeting of shareholders Payment of first dividend
- Sep. 27** Announcement of executive appointment Clarification of division of roles and improvement of management flexibility, etc.
Further strengthening of corporate governance
- Nov. 2** Introduction of an incentive plan utilizing trust of purchase warrants for new shares to be issued at market price
- Apr. 4** **Listed on the First Section of the Tokyo Stock Exchange**

* To improve the degree of certainty to achieve the full-year target and the target in the Medium-Term Management Plan, early management decision was made to terminate QooN service

Company-wide

- Net Sales** ▶ **Up 25.3% year-on-year**
- Operating Income** ▶ **Despite a year-on-year decline in income due to strategic investment in the Media Business, the achievement ratio was 113.5% to the full-year performance forecast**

Media Business



Omiai

Through efforts in marketing optimization, the number of paying members increased

- ▶ **76,801 as of the end of June**
- ▶ **Steady progress to achieve more than 100,000 for the final year of the Medium-Term Management Plan**

There was a response to changes in the market environment, including the diversification of advertising methods and expansion of the media in which advertising is placed.

Advertising Business



Steady performance continued. In particular, sales and income both increased significantly due to upselling in existing projects

- ▶ Continue marketing activities while focusing on upselling in existing projects/income growth
- ▶ Enhancement of efforts to win orders for social media advertising/fostering (favorable launch)

Achieved the full-year forecast almost as planned

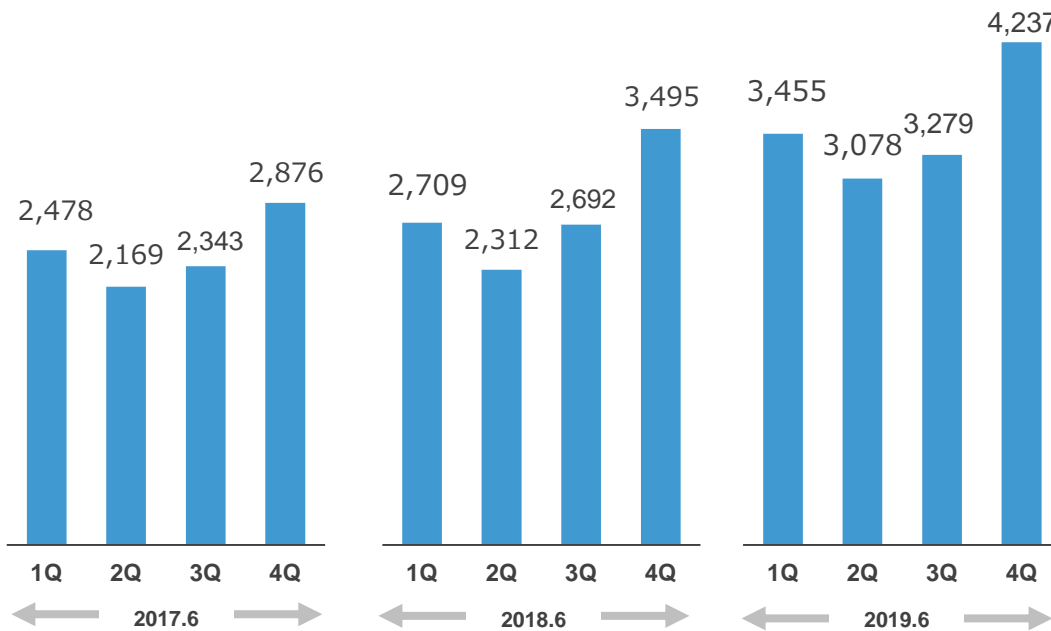
Million yen	Opening earnings forecast	Actual		Achievement rate
Net Sales	14,465	14,050	➔	97.1%
Operating Income	373	424	➔	113.5%
Ordinary Income	372	421	➔	113.0%
Profit Attributable to Owners of Parent	258	283	➔	110.0%
Year-end Dividend (Consolidated Payout Ratio)*	5 yen (28.2%)	5 yen (25.7%)		

* The year-end dividend per share reflects the impact of stock split (Stock split was executed at a ratio of 2 ordinary shares for each ordinary share on March 14, 2018)

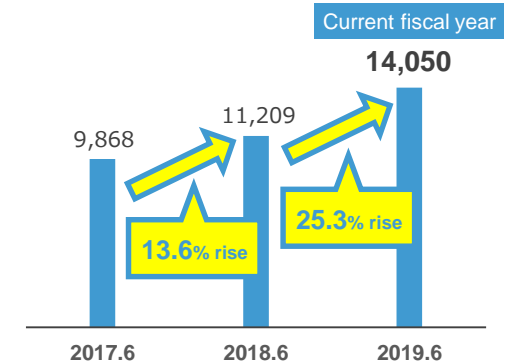
Increased sales for three consecutive years following listing

Quarterly net sales

(Million yen)



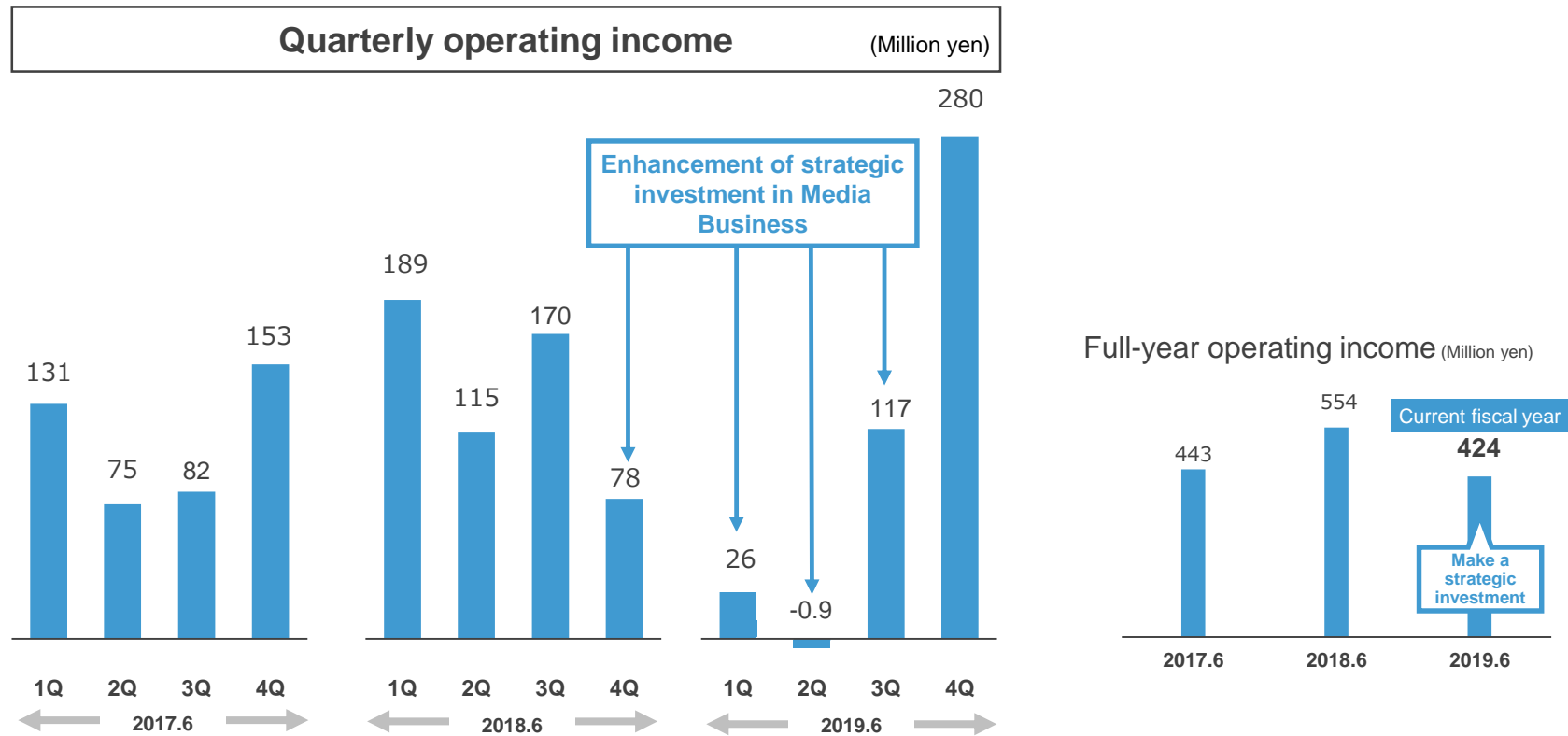
Full-year net sales (Million yen)



* Although we announced the consolidated financial results in the fiscal years ended June 2017 and 2018, this report contains non-consolidated results because we have changed to non-consolidated financial settlement from the fiscal year ending June 2019.

Despite a decline in income for the full-year due to strategic investment in the Media Business

A rise in income 4Q



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Despite a decline in income due to strategic investment in the Media Business

A significant rise in sales of 25.3% year-on-year

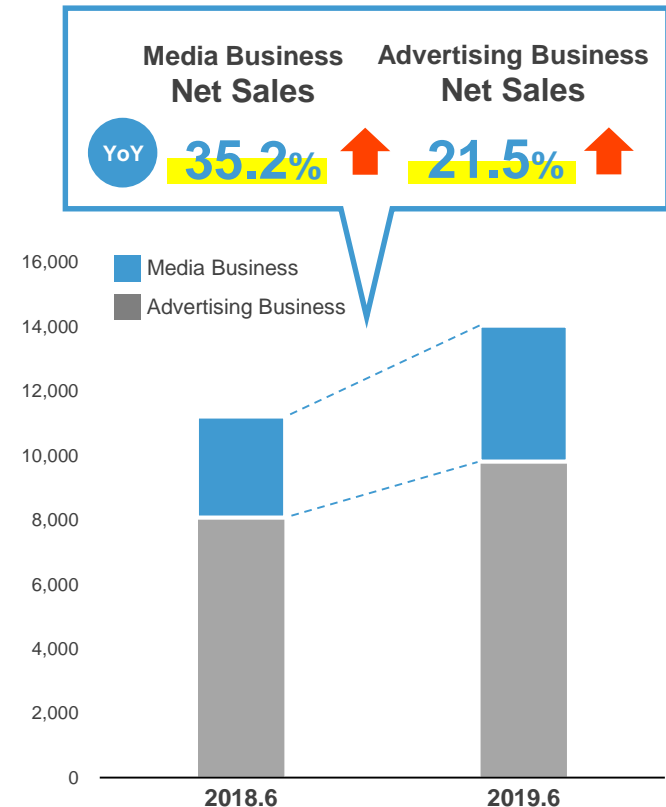
Million yen	2018.6	2019.6	YoY Increase/Decrease
Net Sales	11,209	14,050	+2,840
Gross Profit	3,272	4,331	+1,059
Gross Profit Margin (Gross Profit/Net Sales)	29.2%	30.8%	
Operating Income	554	424	-130
Operating Income Margin (Operating Income/Net Sales)	5.0%	3.0%	
Ordinary Income	569	421	-148
Net Income	397	283	-113

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Increase in sales and income in the Advertising Business

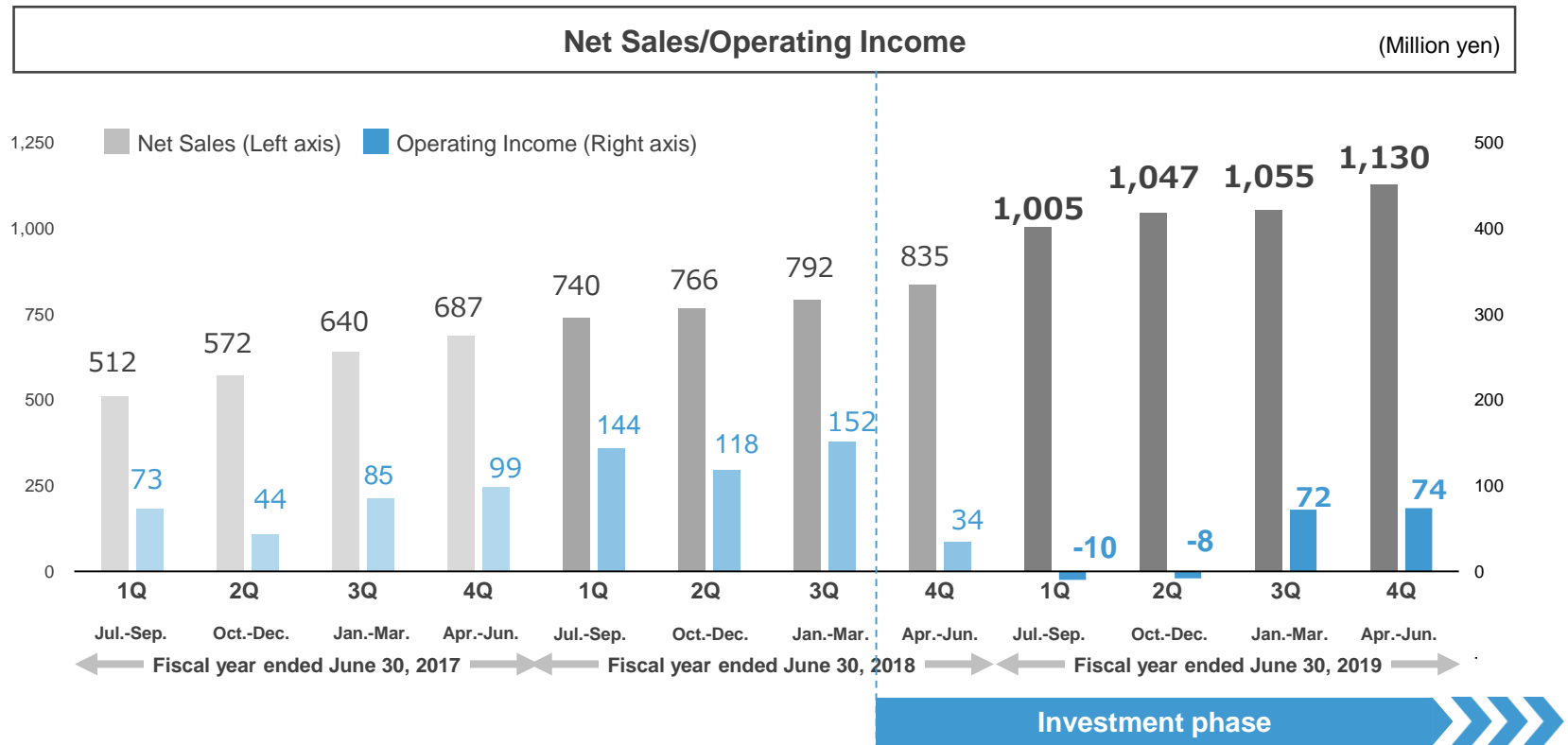
Despite a decline in income due to strategic investment in the Media Business, a significant rise in sales

Million yen	2018.6	2019.6
Media Business		
Net Sales	3,135	4,238
Operating Income	450	128
Profit Margin (Operating income/Net Sales)	14.4%	3.0%
Advertising Business		
Net Sales	8,074	9,812
Operating Income	620	861
Profit Margin (Operating income/Net Sales)	7.7%	8.8%
Adjustments		
Net Sales	0	-
Corporate Expenses	-515	-565



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With strategic investment and optimized marketing, continue steady growth in sales

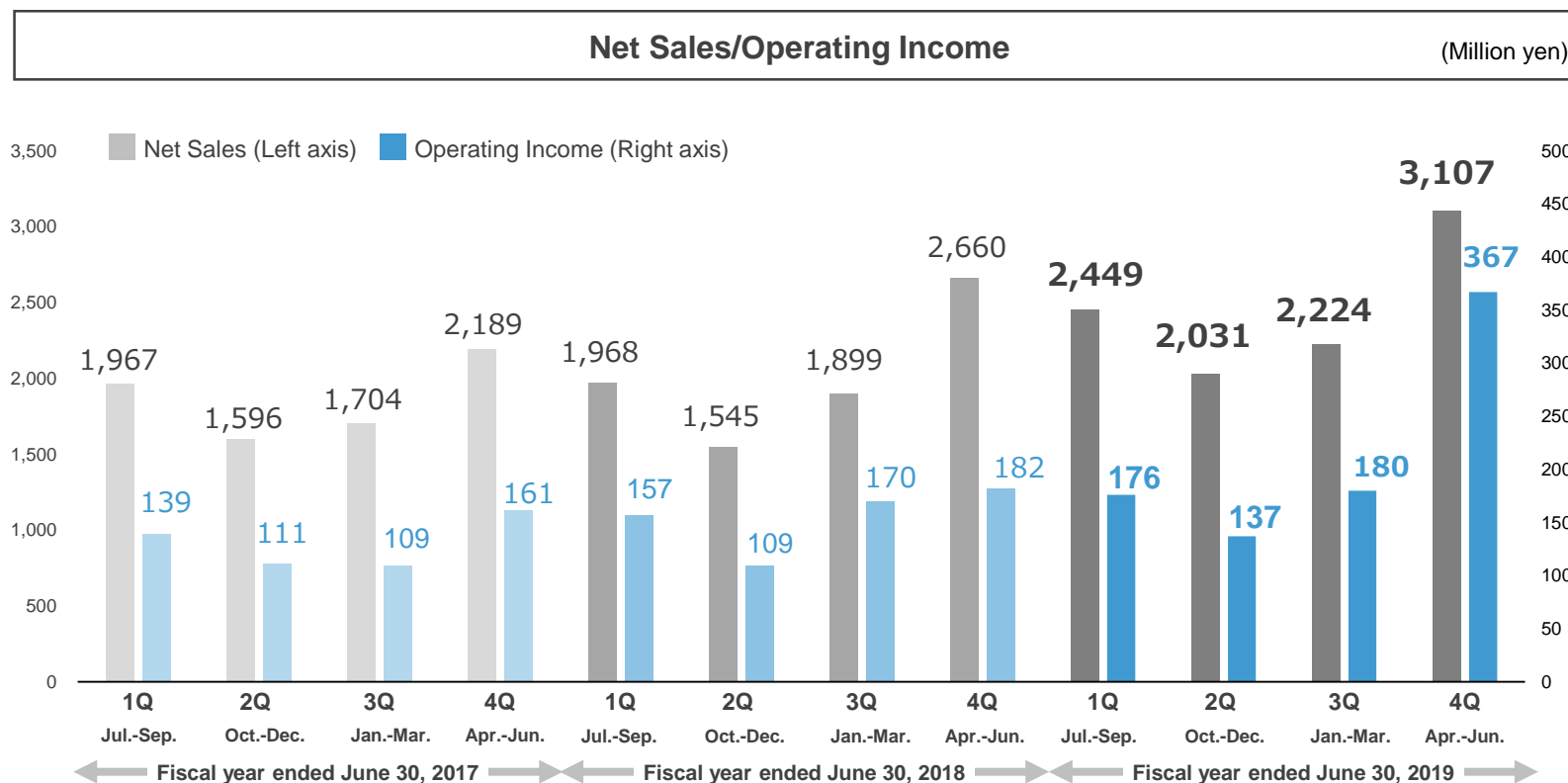


* The figures in the graph include segment adjustments.

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Steady net sales/operating income

As 1Q and 4Q in previous years, the growth of main categories contributed to performance



* The figures in the graph include segment adjustments.

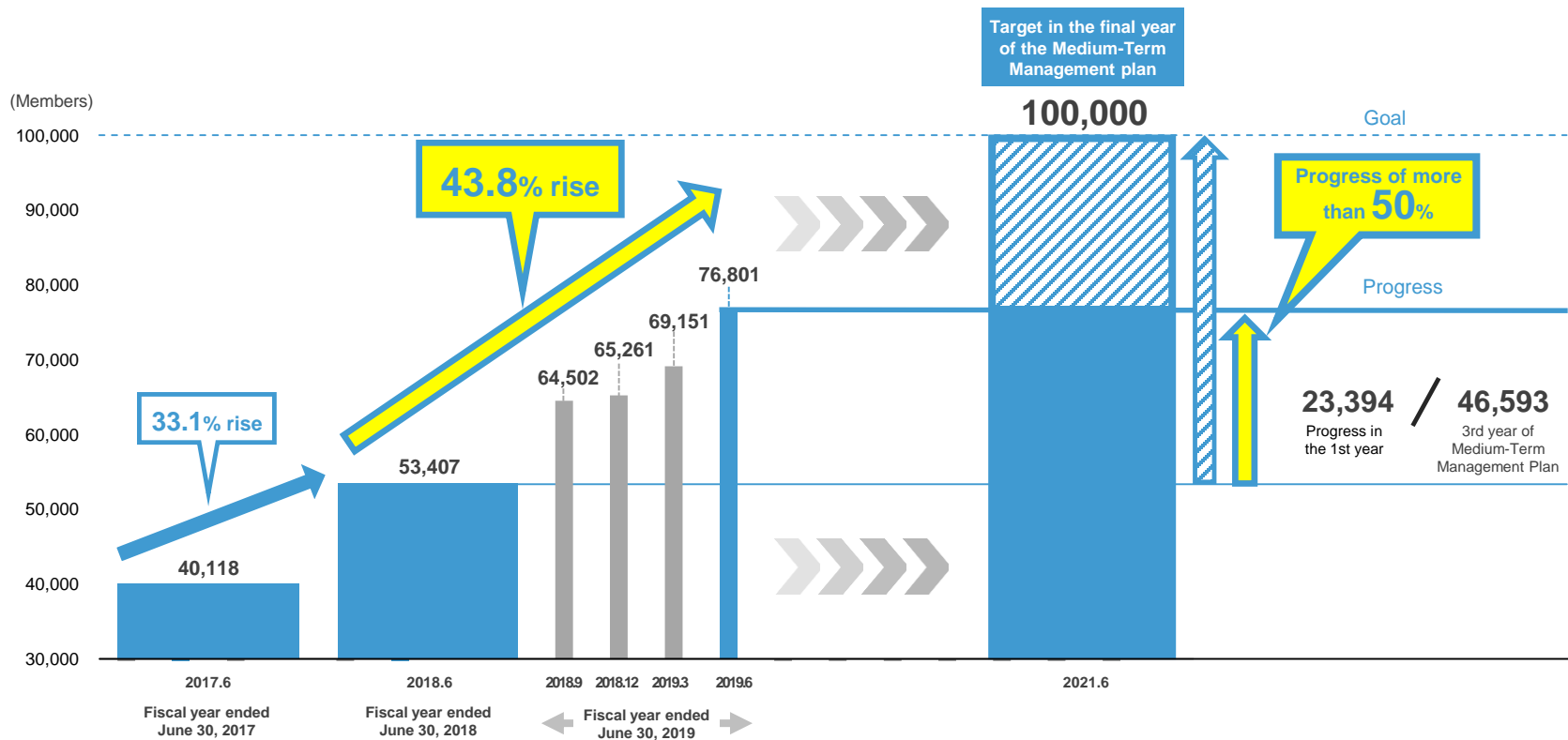
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1 Fiscal Year Ended June 30, 2019

– Trend in Number of Paying Omiai Members –

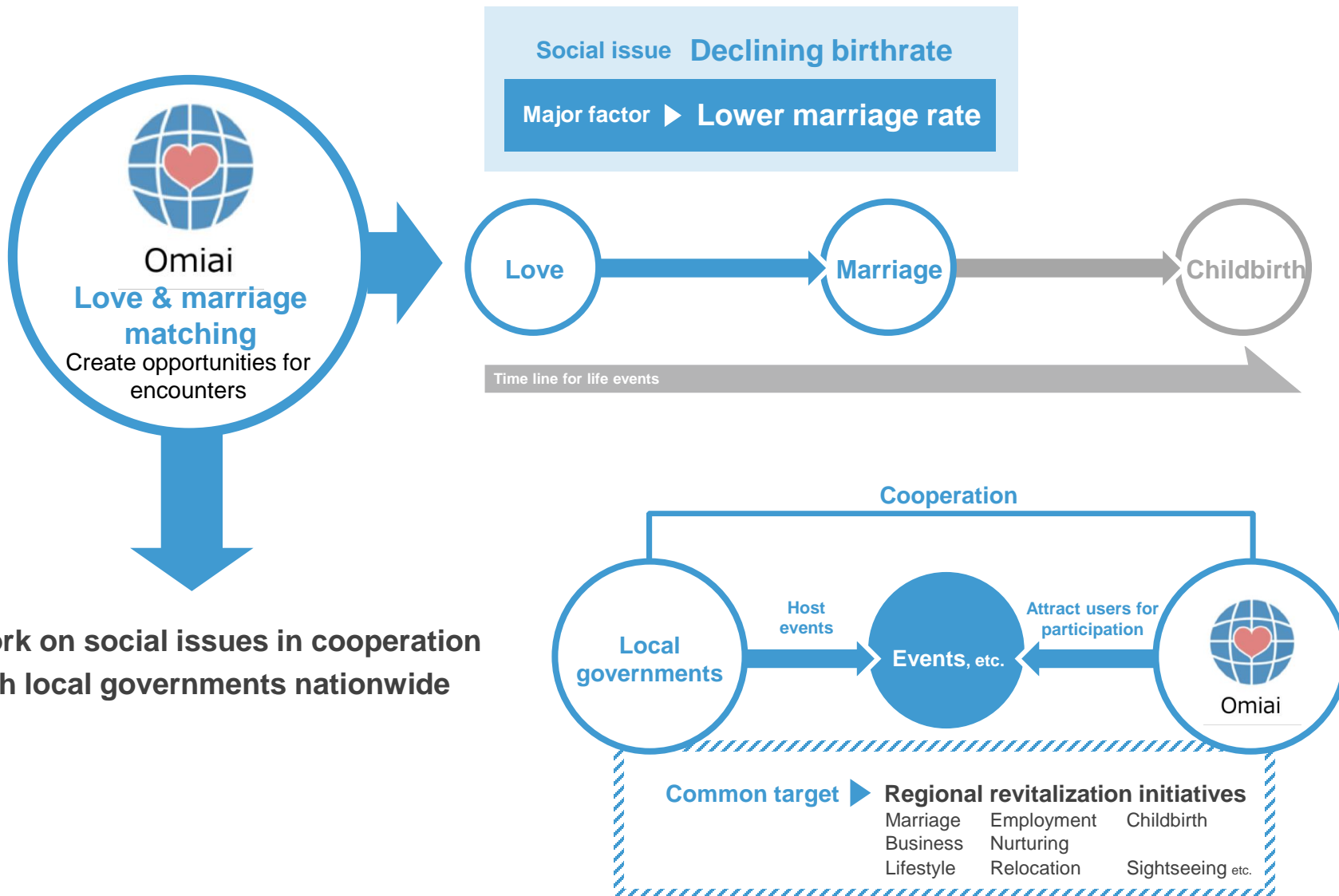
Significant growth of 43.8% from the end of the previous term due to strategic investment

For the target of more than 100,000 in the final year of the Medium-Term Management Plan, good progress of more than 50% achieved in the first year



Number of paying members


Number of members who use the monthly subscription service as of the end of June 2019 (excludes members who do not use the monthly subscription service and have purchased the point premium pack only)



Work on social issues in cooperation with local governments nationwide

Planning aggressive development after June 2020

	First time	Second time	Third time
Host municipality	Okayama Prefecture Okayama Omiai Marriage Matching Party	Izumo City, Shimane Prefecture Izumo × Omiai Match-Making Party	Aomori Prefecture Aomori Omiai Matchmaking Party
Held on	August 25, 2018	February 9, 2019	March 23, 2019
Location	Shimbashi, Tokyo	Omotesando, Tokyo	Shimbashi, Tokyo
	Fourth time		
Host municipality	Kurashiki City, Okayama Prefecture Kurashiki Omiai Marriage Matching Party	Wakayama Prefecture Wakayama Love Draft	
Held on	April 13, 2019	July 26, 2019	
Location	Kurashiki city, Okayama prefecture	Honmachi, Osaka	

A photograph of a person's legs in blue trousers and black shoes walking on a stone staircase. The person is captured in mid-stride, with one foot on a higher step and the other on a lower one. The background is a blurred stone wall with a small window. A dark diagonal overlay covers the left side of the image, containing the title text.

2

Earnings Forecast for the Fiscal Year Ending June 2020



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1st year of
the Medium-Term
Management Plan2nd year of
the Medium-Term
Management Plan3rd year of
the Medium-Term
Management Plan

While continuing strategic investment in the Media Business, focuses on increase in income,
Operating income of 813 million yen, up 91.8% year-on-year is expected

Million yen	2020.6
Net Sales	16,302
Advertising Business	10,970
Media Business	5,331
Segment income	1,509
Advertising Business	974
Media Business	534
Company-wide costs	-696
Operating income	813

3

June 2019-June 2021
**Progress of
Medium-Term
Management plan**

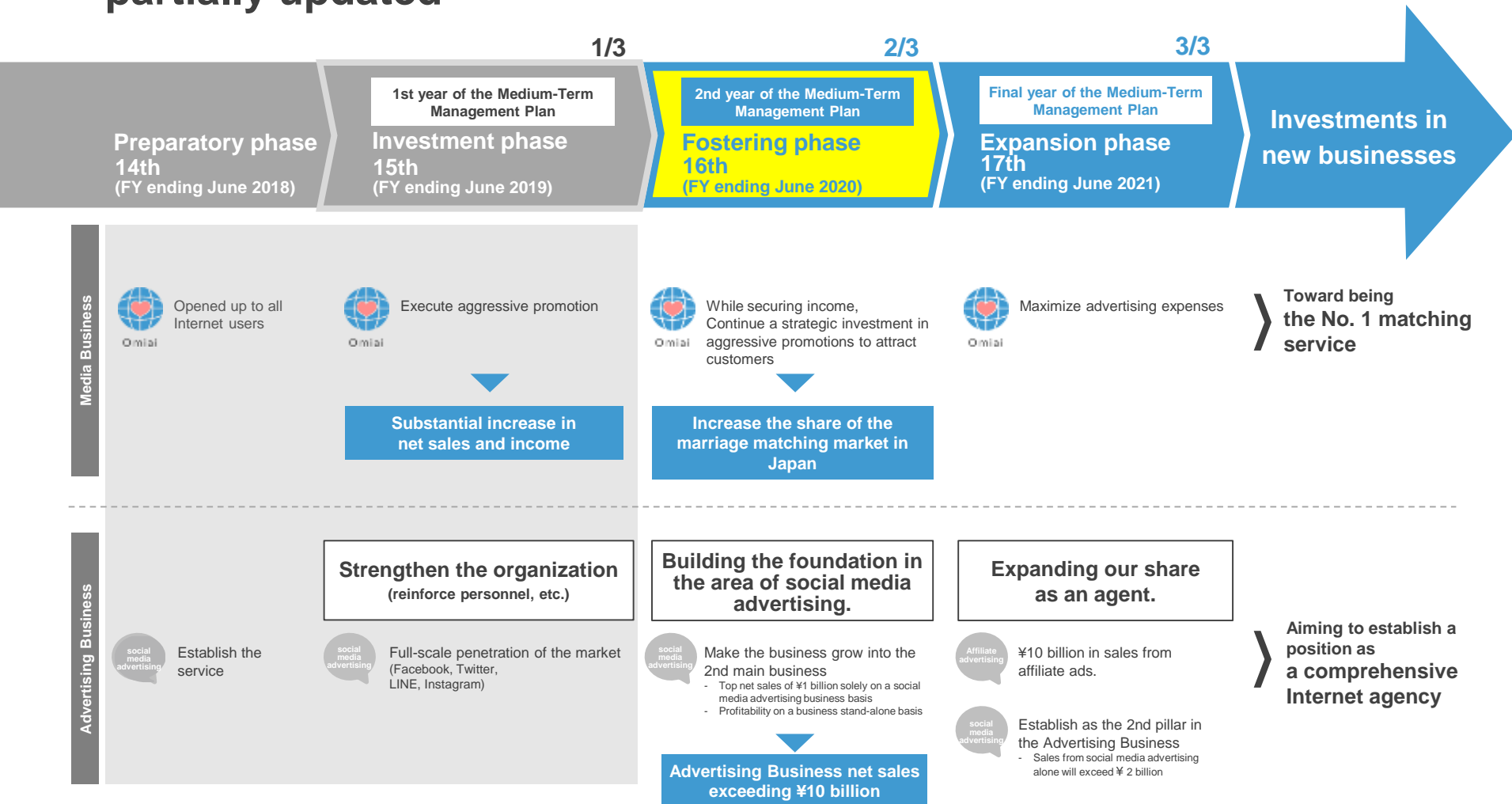


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The target period of our Medium-Term Management Plan is from the fiscal year ended in June 2019 to the fiscal year ending June 2021

3 Business policy

Considering the change in the latest situation, the plan is partially updated



⊙ Including withdrawal of QooN in the fiscal year ended June 2019, the situation in the first year of Medium-Term Management Plan is considered

Billion yen	FY ended June 2018 Actual results	FY ended June 2019 Actual results	Plan for FY ending June 2020		Plan for FY ending June 2021	
			Before updating	After updating	Before updating	After updating
Net Sales	11.2	14.0	19.1	16.3	24.0	19.4
Advertising Business	8.0	9.8	10.9	10.9	12.7	12.8
Media Business	3.1	4.2	8.2	5.3	11.3	6.6
Segment income	1.0	0.9	1.4	1.5	2.3	1.9
Advertising Business	0.6	0.8	0.7	0.9	0.8	1.0
Media Business	0.4	0.1	0.7	0.5	1.5	0.9
Company-wide costs	-0.5	-0.5	-0.6	-0.6	-0.6	-0.7
Investment in new businesses	-	-	-	-	-0.5	-
Operating income	0.5	0.4	0.8	0.8	1.2	1.2

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POINT

1

**Performance
plan**

QooN was ended,
and there is no change in total
operating income is made for the
3rd year of Medium-Term
Management Plan

POINT

2

**Strategic
investment**

In the 2nd year of Medium-Term
Management Plan,
Continue aggressive strategic
investment in the Media Business

POINT

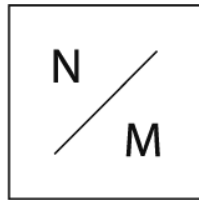
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Dividend

Plan to increase the annual
dividend to 6 yen for the fiscal
year ending June 2020

Considering the balance with internal reserve required in
medium-/long-term efforts to maximize corporate value
and in business expansion, a dividend payment
depending on performance will be made.

If operating income is higher than the plan, an investment in new business will be considered



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This material was prepared by Net Marketing Co. Ltd. (hereinafter referred to as “the Company”) to increase understanding of the current status of the Company. The information contained in this material is derived from various sources including knowledge within the Company and public information available to the Company and the Company makes no guarantee of the accuracy of such information. The actual performance of the Company may differ due to a variety of factors.