

NET
MARKETING
CO. LTD.

Net Marketing Co. Ltd.

FINANCIAL RESULTS

FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING JUNE 30, 2020

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for the First Quarter of the
Fiscal Year Ending June 30, 2020

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First Quarter of the Fiscal Year Ending June 30, 2020

– Summary –

Corporate

- Aug. 9 **Medium-Term Management Plan updated – No change to basic or core policies**
- Sep. 26 **New Corporate Identity**

Business

Company-wide

Company-wide net sales/income rising as expected

*** No change to earnings forecasts.**

Media Business



Media Business sales grew as planned after strategically investing during investment phase.

- 1Q focused on efforts to fix core issues, in preparation for high demand in and after 2Q
 - ↳ Marketing, PR, products
- Responses to issues with marketing and PR activities designed to spread product awareness ••• P11

Advertising Business



Healthy growth in beauty salon treatment, human resources, and financial categories led to higher sales and income.

- We continued sales activities by attaching weight to up-selling and profit increases of existing projects.
- We enhanced initiatives for social media advertising.



First Quarter of the Fiscal Year Ending June 30, 2020

– Financial Results Summary (Reference: YoY Comparison) –

Raised base company-wide net sales and profit.

Million yen	2020.6 1Q	2019.6 1Q	YoY Increase/Decrease
Net Sales	4,254	3,455	+799 (+23.1%)
Gross Profit	1,385	981	+403
Gross Profit Margin (Gross Profit/Net Sales)	32.6%	28.4%	
Operating Income	406	26	+379
Operating Income Margin (Operating Income/Net Sales)	9.6%	0.8%	
Ordinary Income	410	27	+382
Net Income	282	16	+265



First Quarter of the Fiscal Year Ending June 30, 2020

– Financial Results Summary (Opening Earnings Comparison) –

Although much progress was made on meeting income targets, no change to earnings forecasts. Anticipate strategic investment in gearing up for high demand season in the love and marriage matching market.

Million yen	1Q Actual	2Q Earnings Forecast	Full-year Earnings Forecast
Net Sales	4,254	7,535	16,302
Operating Income	406	398	813
Ordinary Income	410	398	812
Net Income	282	275	563
Year-end Dividend (Payout Ratio)	—	0 yen	6 yen (15.5%)

* Any expected significant impact to performance and strategy will be announced as soon as practicable.

* Given heavy costs anticipated for 2Q and 3Q, no change has been made to earnings forecast.



Changes in Quarterly Net Sales

(Million yen)

5,000

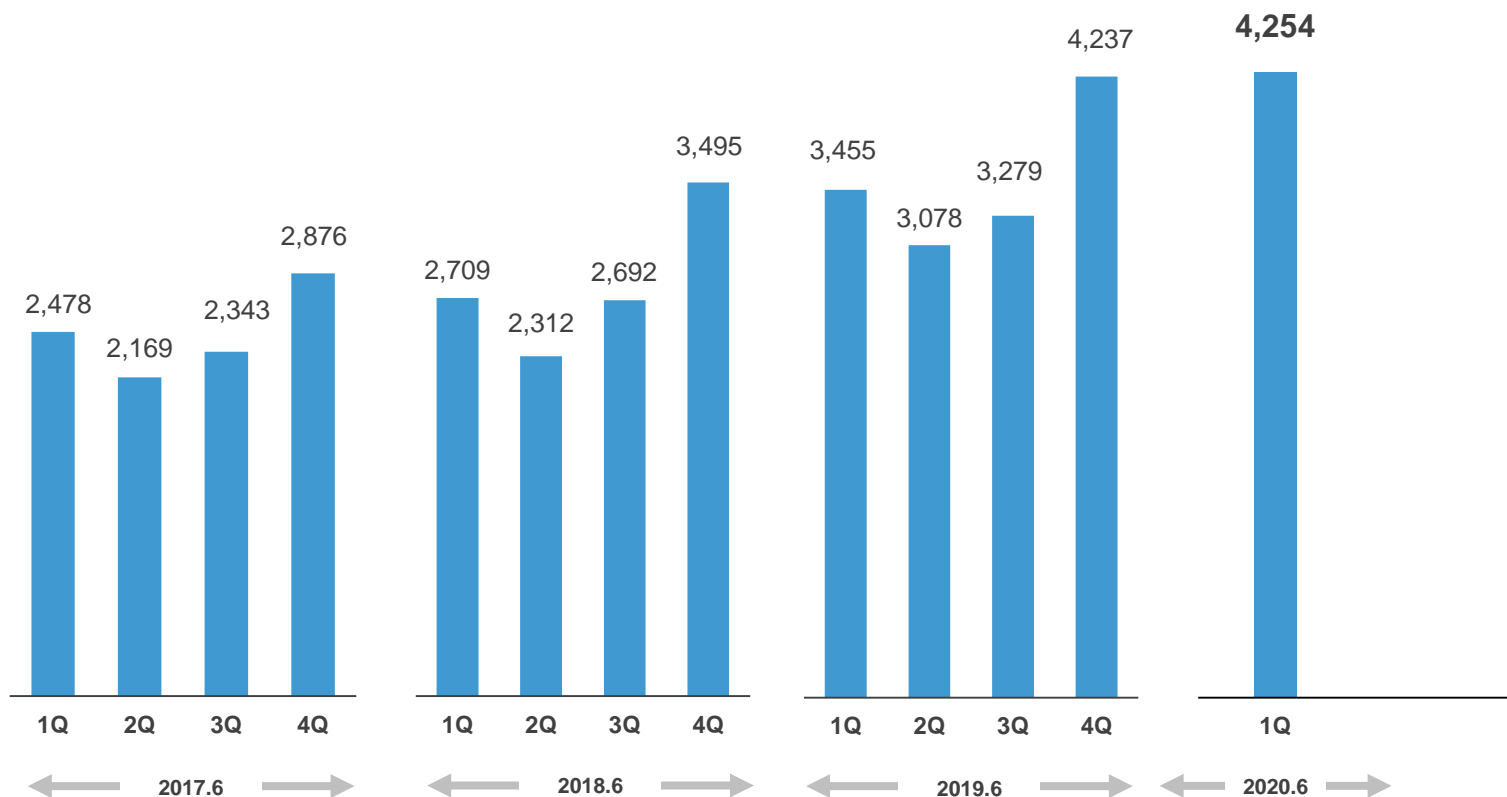
4,000

3,000

2,000

1,000

0

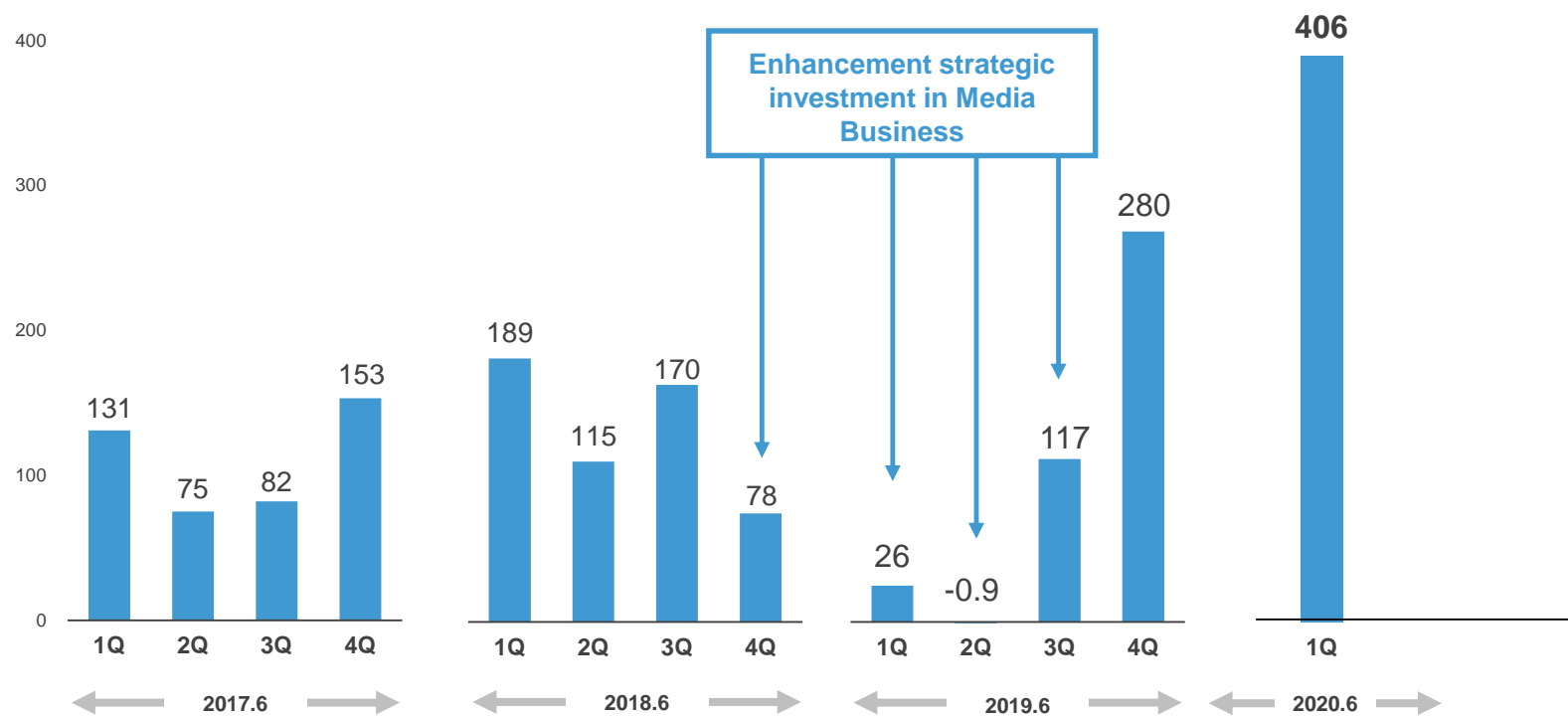


* Although we announced the consolidated financial results in the fiscal year ended June 2017 and 2018, this report contains non-consolidated results because we have changed to non-consolidated financial settlement from the fiscal year ending June 2019.

Changes in Quarterly Operating Income

(Million yen)

500



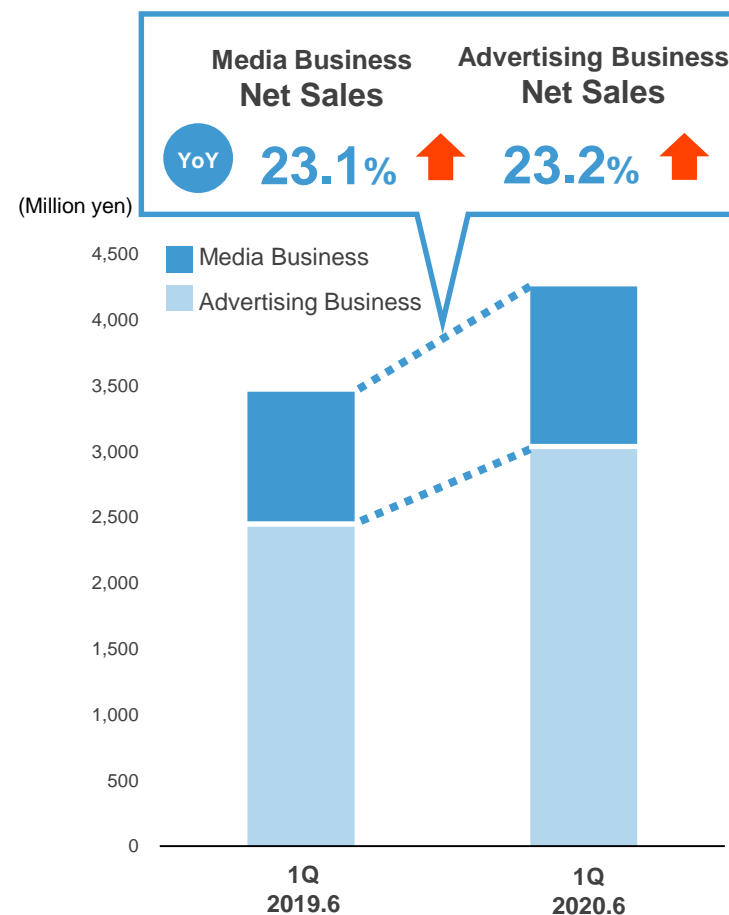
* Although we announced the consolidated financial results in the fiscal year ended June 2017 and 2018, this report contains non-consolidated results because we have changed to non-consolidated financial settlement from the fiscal year ending June 2019.

Results by Segment

– Comparison with 1Q Last Year –

Net sales for both the Media Business and Advertising Business up more than 20% year-on-year.

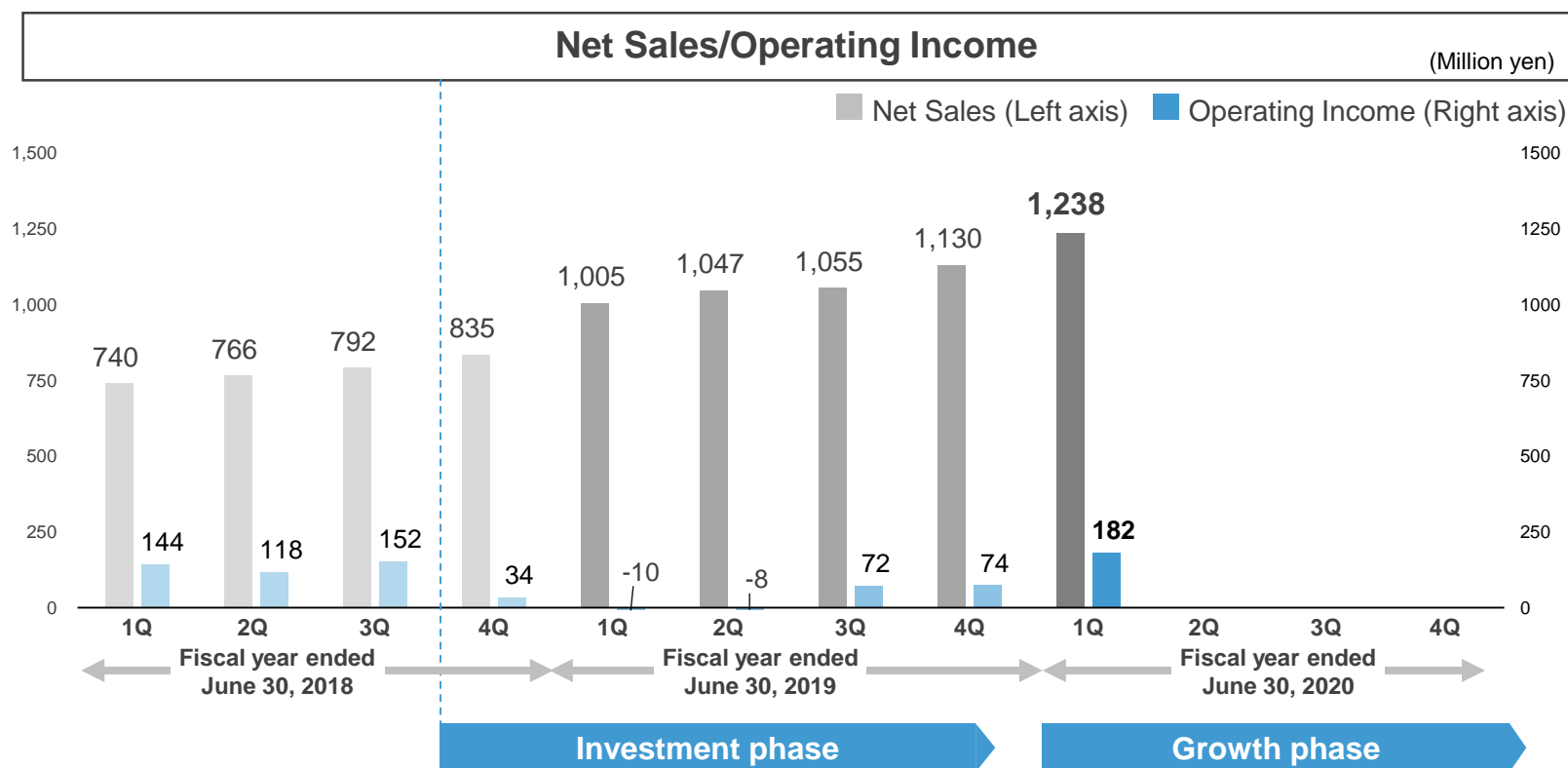
Million yen	2020.6 1Q	2019.6 1Q
Media Business		
Net Sales	1,238	1,005
Operating Income	182	-10
Profit Margin (Operating Income/Net Sales)	14.7%	–
Advertising Business		
Net Sales	3,016	2,449
Operating Income	375	176
Profit Margin (Operating Income/Net Sales)	12.4%	7.2%
Adjustments		
Net Sales	-1	–
Corporate Expenses	-150	-138



Media Business

– Change in Earnings Over Time –

Net sales grew as planned after strategically investing during investment phase.



* The figures in the graph include segment adjustments.

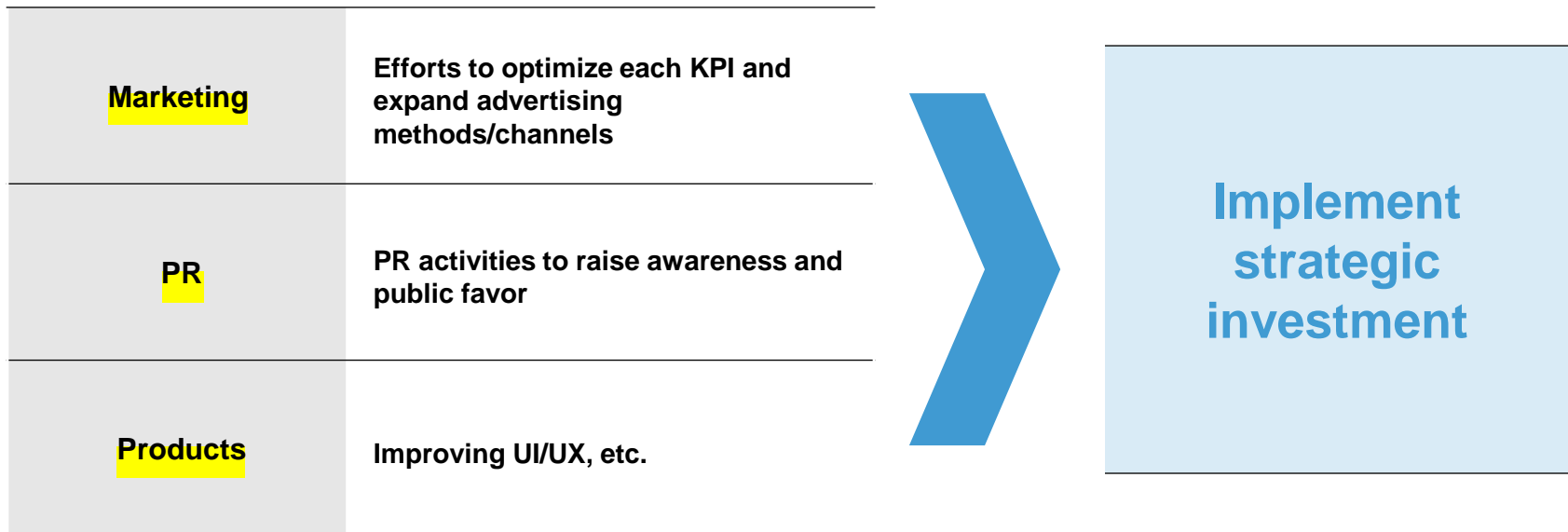
* Although we announced the consolidated financial results in the fiscal year ended June 2018, this report contains non-consolidated results because we have changed to non-consolidated financial settlement from the fiscal year ending June 2019.

Media Business

– Efforts to Expand Market Share –

Working on key issues, aiming to achieve the next stage of business growth.

Key Issue : Focus areas in preparation for high demand season





Media Business

– Efforts for Regional Revitalization –

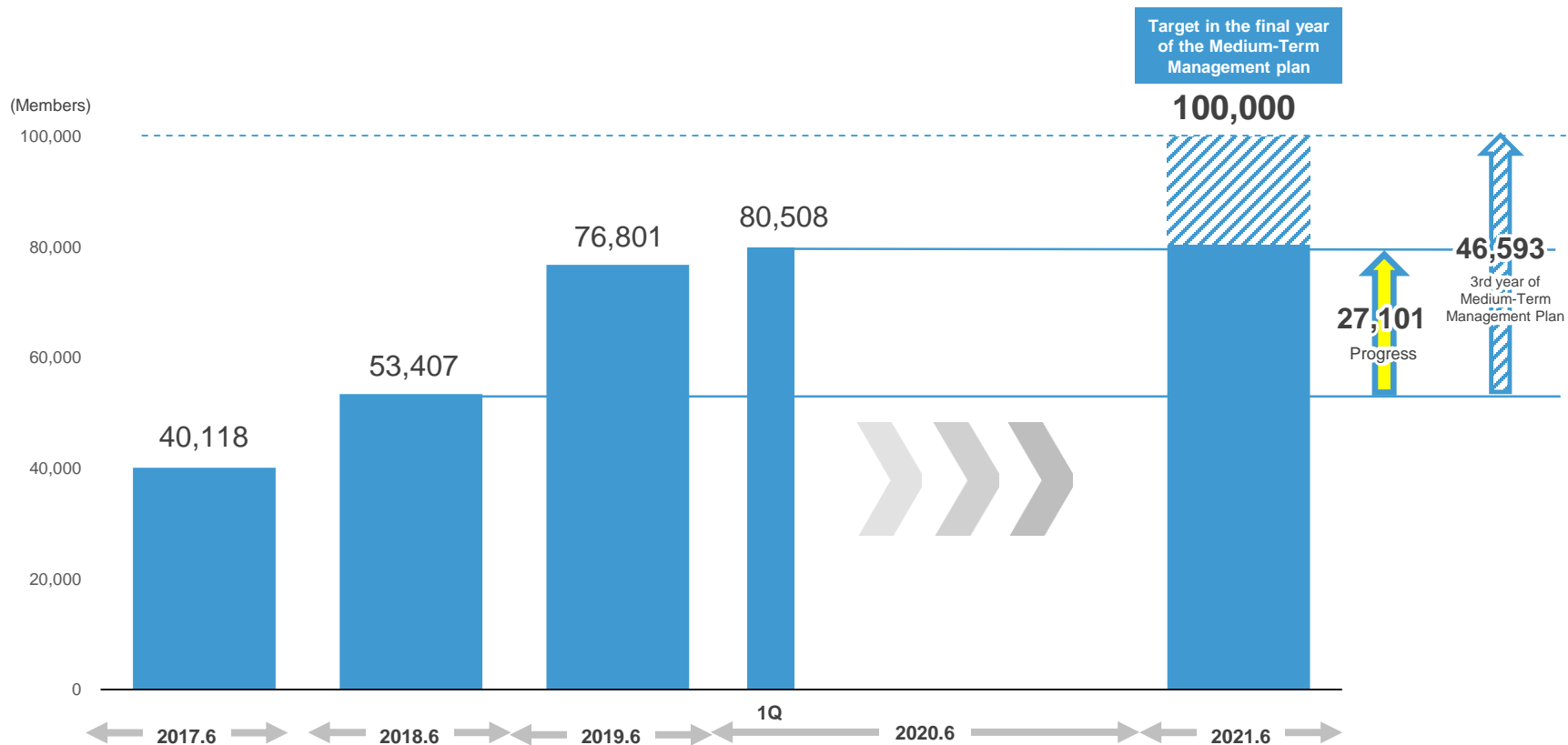
Working on plans for June 2020 and beyond.

	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	Fifth time	
Host municipality	Kurashiki City, Okayama Prefecture Kurashiki Omiai Marriage Matching Party	Wakayama Prefecture Wakayama Love Draft	Currently planning
Held on	April 13, 2019	July 26, 2019	
Location	Kurashiki city, Okayama prefecture	Honmachi, Osaka	

Media Business

– Trend in Number of Paying Omiai Members –

Making progress towards membership target for the final year of the Medium-Term Management Plan: Over 100,000 members



Number of paying members

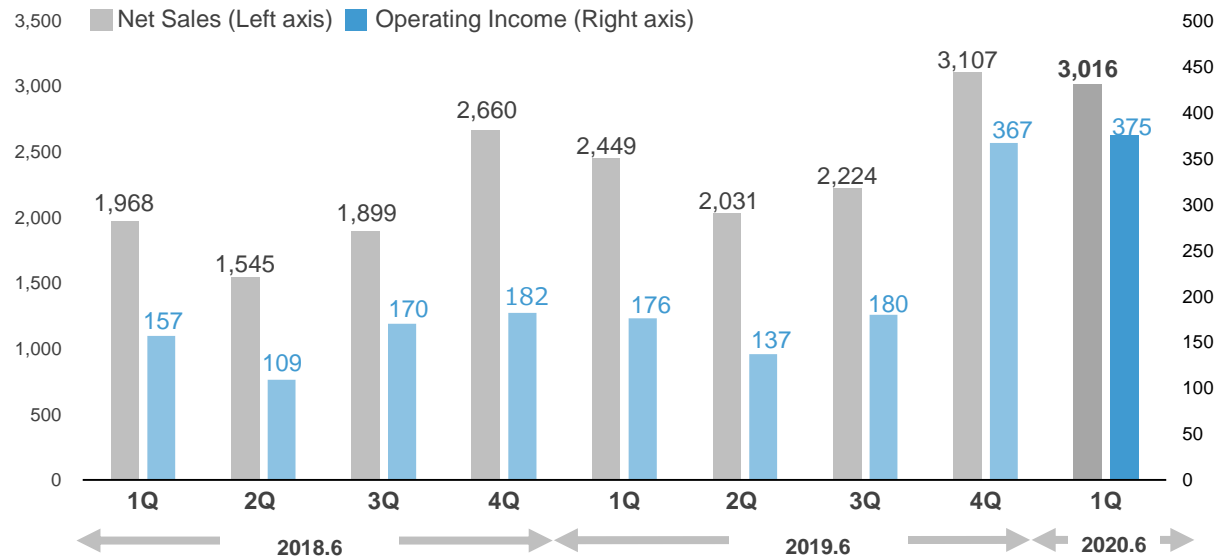
Number of members who use the monthly subscription service as of the end of September 2019

Advertising Business

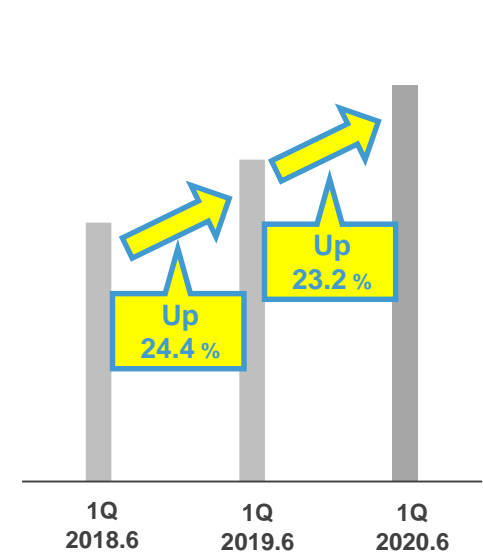
– Changes in Business Performance Over Time –

Net sales for 1Q up more than 20% year-on-year as in the previous 1Q.
As in previous years, major summer categories contributed.

Net Sales/Operating Income (Million yen)

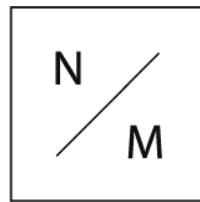


Comparison of 1Q net sales (Million yen)



* The figures in the graph include segment adjustments.

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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.