



Net Marketing Co. Ltd.

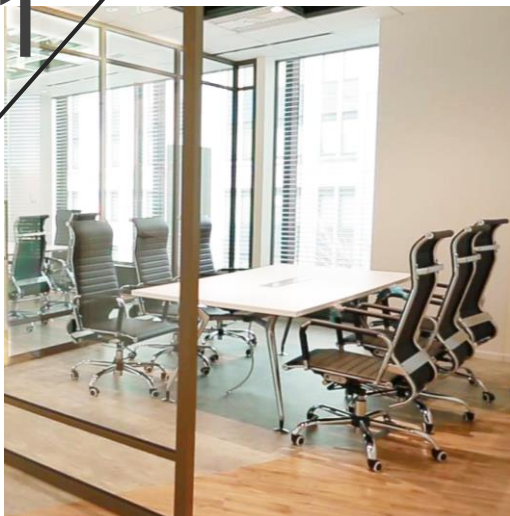
FINANCIAL RESULTS AND MEDIUM-TERM MANAGEMENT PLAN

FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

MEDIUM-TERM MANAGEMENT PLAN FOR THE FISCAL YEAR ENDING JUNE, 2019 TO
THE FISCAL YEAR ENDING JUNE, 2021

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Financial Results for the
Fiscal Year Ended
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Medium-Term
Managementplan
“Investment to Growth 2021”

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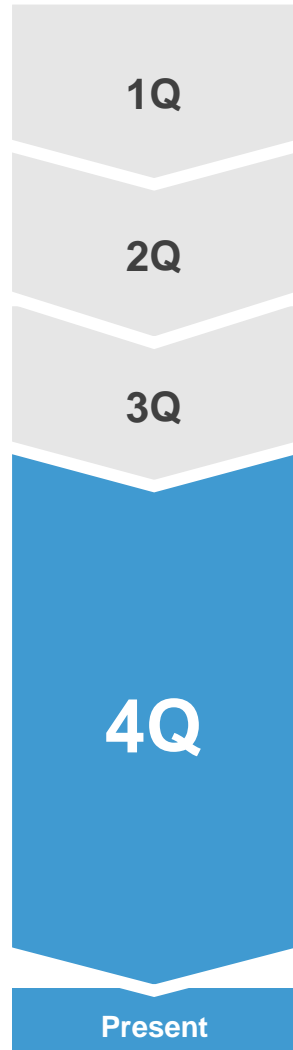
- Reference materials
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1 Financial Results for the Fiscal Year Ended June 30, 2018



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- ▶ **Sep. 1 Succession of Switch business (corporate split)**
With the aim of focusing management resources on the matching business and enhancing management efficiency, the Switch business was transferred to open-career Co., Ltd.

Commenced development of a new dating service QooN

- ▶ **Mar. 12 Office relocation**
- ▶ **Mar. 14 Execution of stock split**
Shares of common stock are to be divided into two shares.
- ▶ **Apr. 25 Expansion from Omiai Facebook users only to an area of all Net users**
- ▶ **May 13 No. of paying members topped 50,000**
at a faster pace than Omiai's plan
- ▶ **May 28 Transfer to the**
Second Section of the Tokyo Stock Exchange



Jun. 28 Launched the new dating service QooN

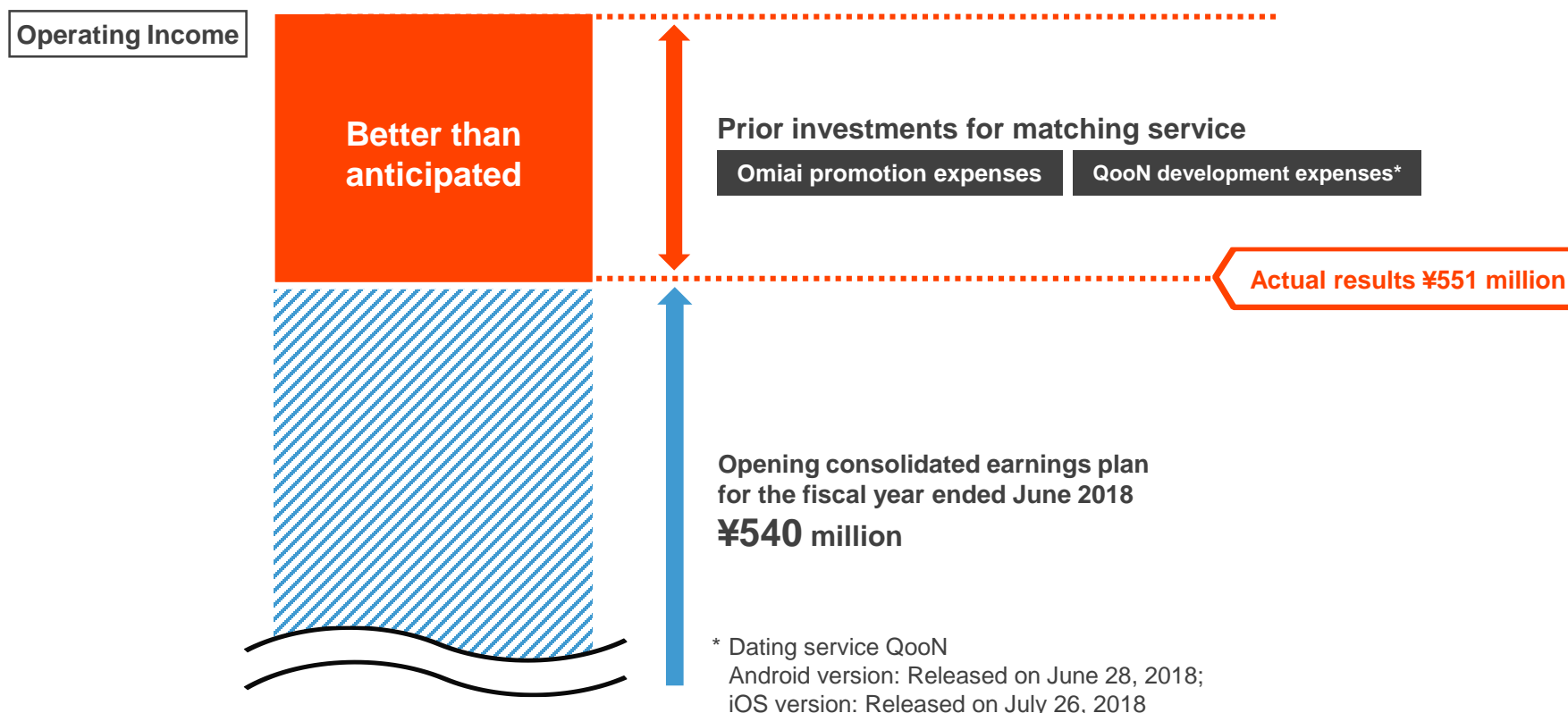
1 Important Points of Financial Results for the Fiscal Year Ended June, 2018

- Factors for Change in Operating Income -



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After securing larger profit gains than the budget, made strategic investments in the Media Business for future sales growth



1 Fiscal Year Ended June 30, 2018

– Trend in Number of Paying Omiai Members –

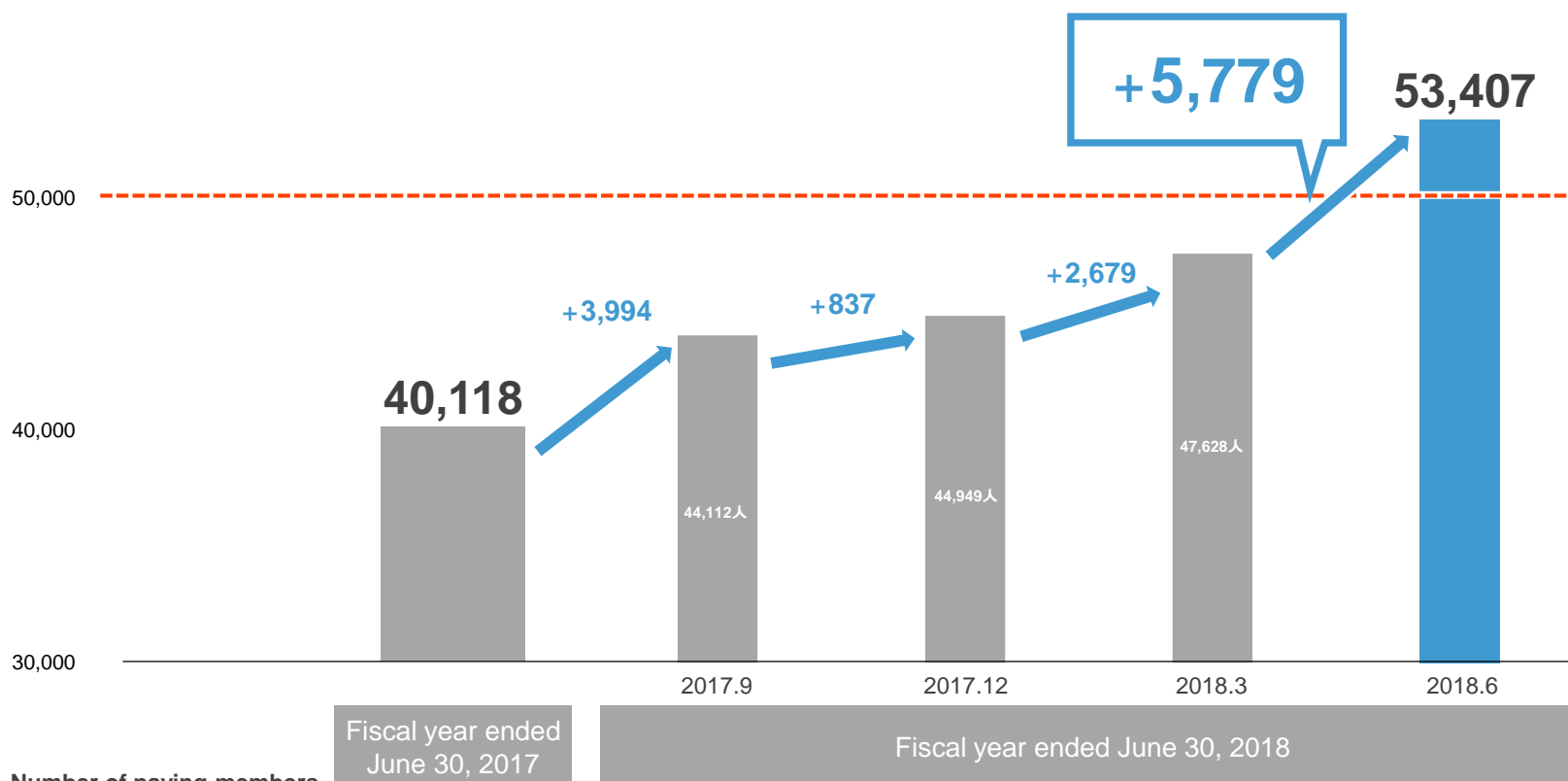


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Number of paying members reached 50,000 at the end of June by strategically investing in additional promotions!

(Members)

60,000



Number of paying members

Number of members who use the monthly subscription service as of the end of June 2018 (excludes members who do not use the monthly subscription service and have purchased the point premium pack only)

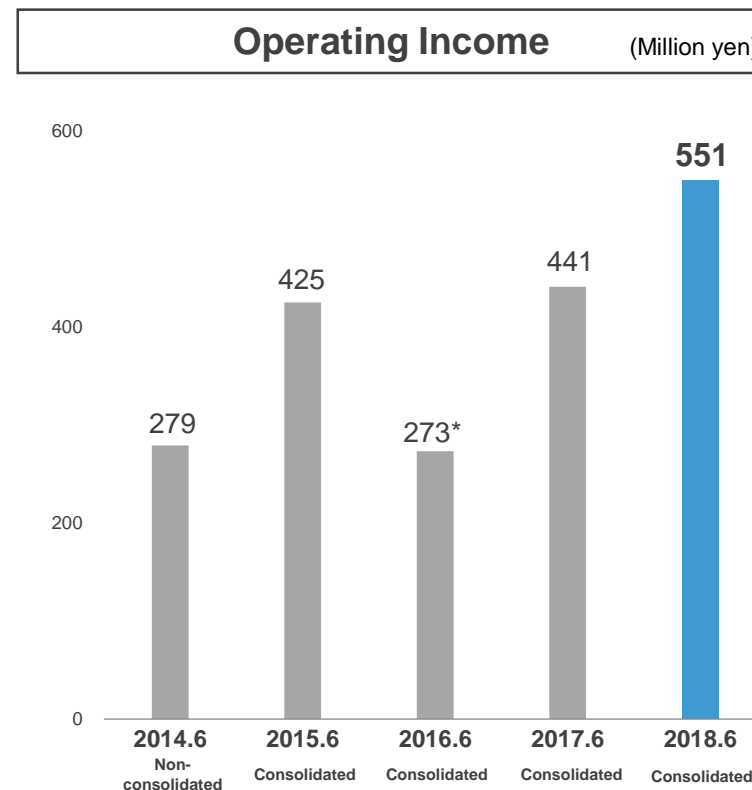
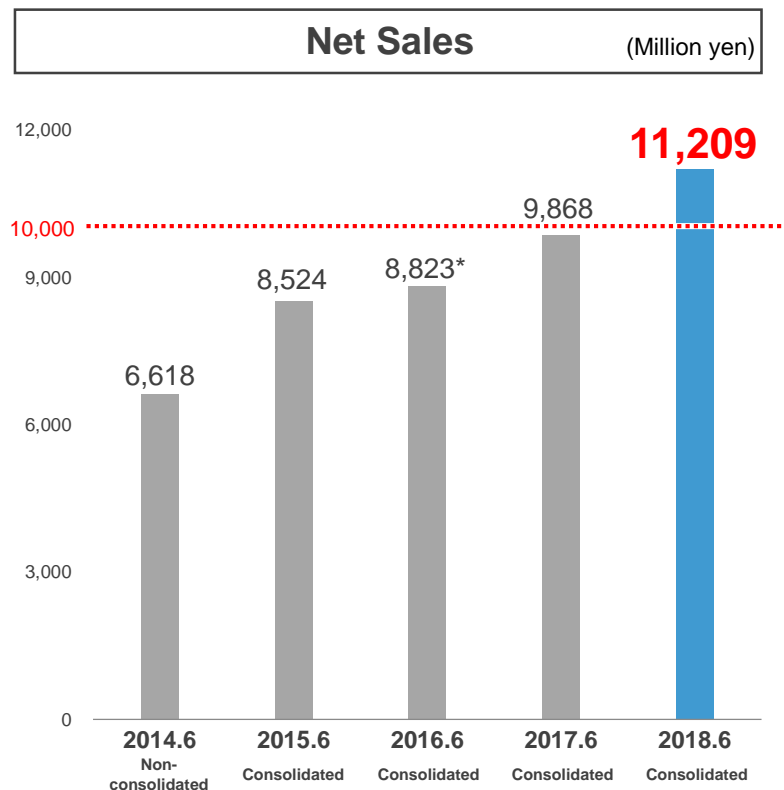
Achieved the budget almost as planned

Million yen	Opening earnings forecast	Actual		Achievement rate
Net Sales	11,296	11,209	➡	99.2%
Operating Income	540	551	➡	102.1%
Ordinary Income	538	566	➡	105.1%
Profit Attributable to Owners of Parent	371	403	➡	108.8%
Year-end Dividend (Consolidated Payout Ratio)*	5 yen (18.8%)	5 yen (17.7%)		

* 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)

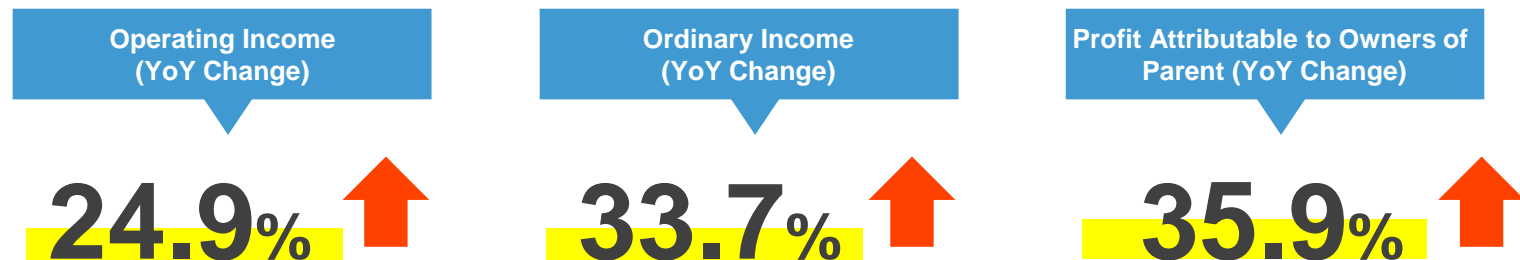
Achieved record net sales and operating income

Net sales exceeded 10,000 million yen, with an increase in both sales and income



* The business portfolio was reviewed.

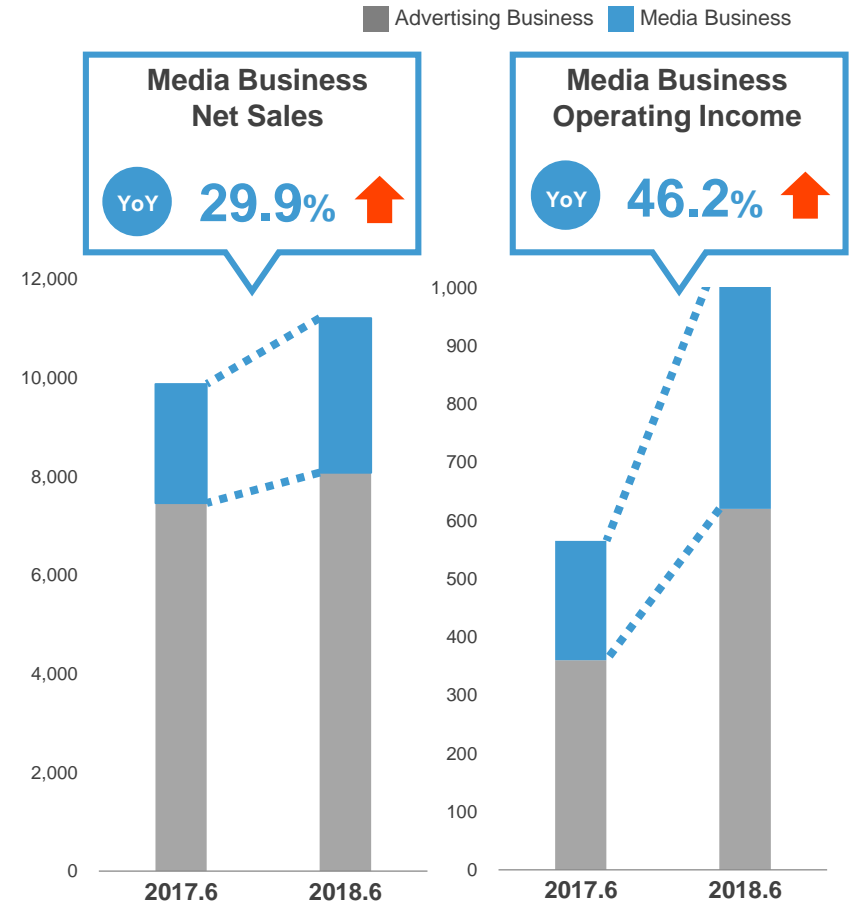
Net sales were up by 13.6%
Substantial growth of over 20% in terms of profit



Million yen	2017.6	2018.6	YoY Increase/ Decrease	% Increase/ Decrease
Net Sales	9,868	11,209	+1,341	+13.6%
Gross Profit	2,531	3,272	+740	+29.3%
Gross Profit Margin (Gross Profit/Net Sales)	25.7%	29.2%	—	—
Operating Income	441	551	+109	+24.9%
Operating Income Margin (Operating Income/Net Sales)	4.5%	4.9%	—	—
Ordinary Income	423	566	+142	+33.7%
Profit Attributable to Owners of Parent	296	403	+106	+35.9%

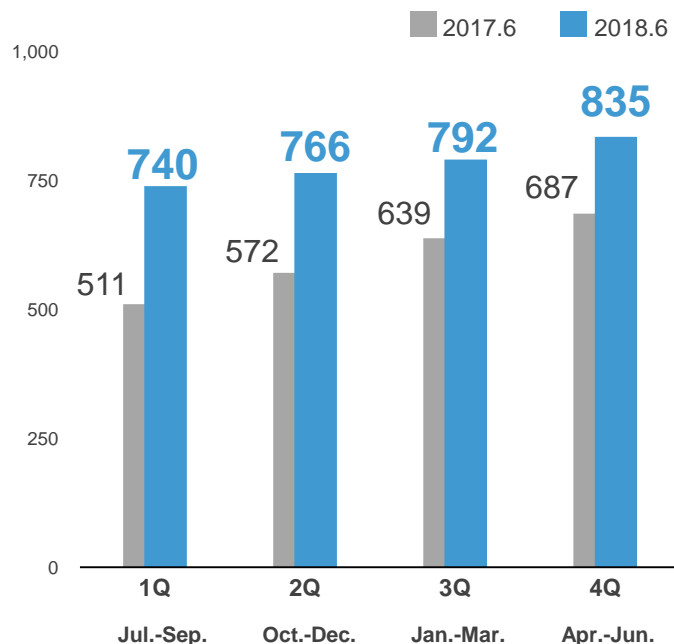
The Media Business (Omiai) was the driving force behind the increase in both sales and income

Million yen	2017.6	2018.6
Media Business		
Net sales	2,413	3,135
Operating Income	305	447
Profit Margin (Operating income/Net Sales)	12.7%	14.3%
Advertising Business		
Net sales	7,457	8,074
Operating Income	522	620
Profit Margin (Operating income/Net Sales)	7.0%	7.7%
Adjustments		
Net Sales	-2	-0
Corporate Expenses	-386	-515

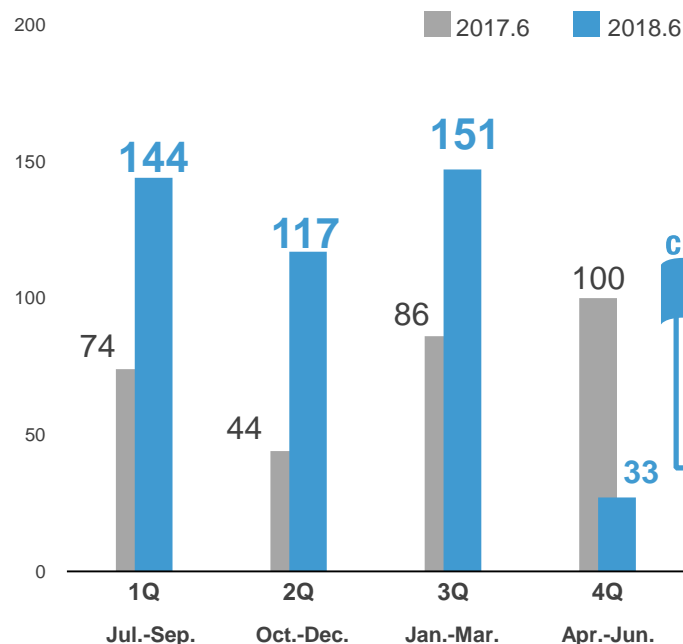


Made strategic investments while observing the actual results against the budget; contributed to the expansion of net sales by gaining members

Net Sales (Million yen)



Operating Income (Million yen)

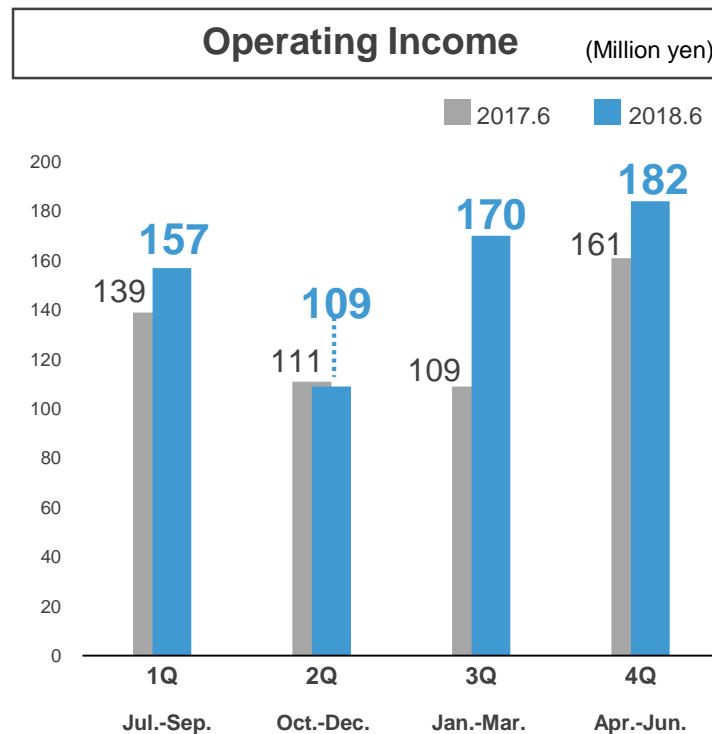
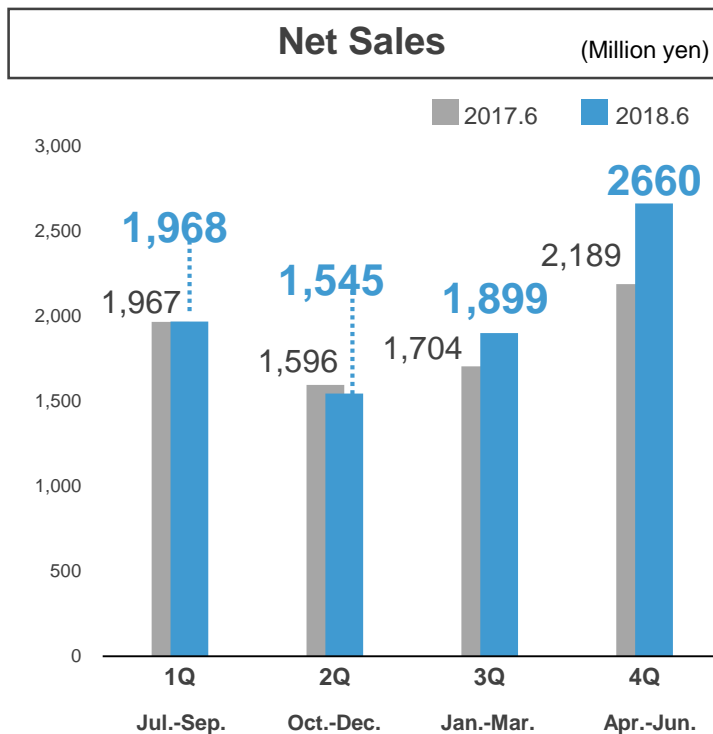


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Please refer to Important Points of Financial Results for the Fiscal Year Ended June, 2018
 - Factors for change in operating income -

* The figures in the graph include segment adjustments.

Due to a seasonal factor in the Company's advertising projects, performance for 3Q and 4Q grew as in prior years



* The figures in the graph include segment adjustments.



2

Medium-Term Managementplan

Fiscal Year Ending June 2019 to Fiscal Year Ending June 2021



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Investment to Growth 2021

Background to the development of the Medium-Term Management Plan

The Company has a major goal of becoming Japan's leading Internet group company based on its management vision of the New Value Provider ∞ Internet.

This is our vision, which the Company's officers and employees have cherished from the foundation of the Company to the present. Right now, we have to say that this is just our long-term goal.

The Company considers that it would like to make management decisions on day-to-day business activities and corporate activities, giving the top priority to enhancing medium- to long-term competitiveness or the company's fundamental value, not short-term increase in profit or maximization of the PL index.

The Company takes the view that there is a phase when it is necessary to undertake bold business steering such as making aggressive prior investments or new business trials, etc. to achieve its long-term vision.

To this end, the Company believes that it is important to indicate the Company's ideas or business strategy to the market in advance, and the Company has formulated a Medium-Term Management Plan that includes a medium-term vision 3 years from now and strategic investments associated with it.



Investment to Growth 2021

Company-Wide Strategy

Market environment

More companies are entering the domestic matching service market. Improvements in the industry service are driven by MSPJ, and improvements in the environment for using matching services will progress.

The number of users is expected to rise, and growth in the overall matching service market is anticipated.

Media Business

- The online Love & Marriage Matching Service Market is expected to mark growth of more than 120% YoY.*¹
- The government has set a medium- to long-term national goal of maintaining a population of 100 million 50 years from now. The population in 2065 is projected to be some 88.08 million at the current pace.
- A reduction in the Company's Omiai market share is a concern due to the emergence and growth of competitors.

*¹ 2018: ¥37.4 billion 2019: ¥49.9 billion
2020: ¥60.5 billion 2021: ¥69.3 billion
(Source: MatchingAgent, Inc./digitalinfact)

Advertising Business

- The affiliate adverting market, our main business area, is expected to post growth of more than 115% YoY.*²
- Advertising sponsors who use affiliate adverting, especially in the financial or EC sector, are expected to increase.
- In overall Internet advertising, the expansion of the smartphone advertising market is outstanding and social media advertising, in particular, is growing substantially.

*² FY2018: ¥263.5 billion FY2019: ¥308.0 billion
FY2020: ¥354.2 billion FY2021: ¥405.8 billion
(Source: Yano Research institute, Ltd.)

Internal environment

Media Business

- The total number of Omiai members reached 3.30 million people (at the end of July 2018) and continued to establish our standing as a leading matching service provider in Japan
- Opened up the use of Omiai to all Internet users on April 25
- Aware of the necessity to beef up the servers resulting from an increase in the number of Omiai users
- Enter the dating market by releasing a new dating service QooN
(Android version: Released on June 28, 2018, iOS version: Released on July 26, 2018)

Advertising Business

- Establish a strong partnership with a number of ASPs, including large ones or direct media
- Tend to rely on specific products/clients
Start handling social media advertising
- Reinforce sales members with the aim of increasing orders of new projects
Struggling to retain personnel, and there is a constant discrepancy between the personnel plan and the reality



Appropriate timing for investments in terms of
the market environment and the internal environment

Vision for growth 3 years from now

**Media
Business**

**Aiming to be the No. 1
matching service provider in
Japan**

- Make strategic and prior investments to make the Company's market share overwhelming
- Achieve the early establishment of QooN and maximize the network effect
- Expand the Company's market share in the matching market with the two brands, Omiai and QooN

**Advertising
Business**

**Aiming to establish a position
as a comprehensive Internet
agency**

- Promote orders, mainly large projects and operation strategy
- Establish an operation structure to make social media advertising grow to be the 2nd business pillar
- Reinforce personnel and strengthen the organization

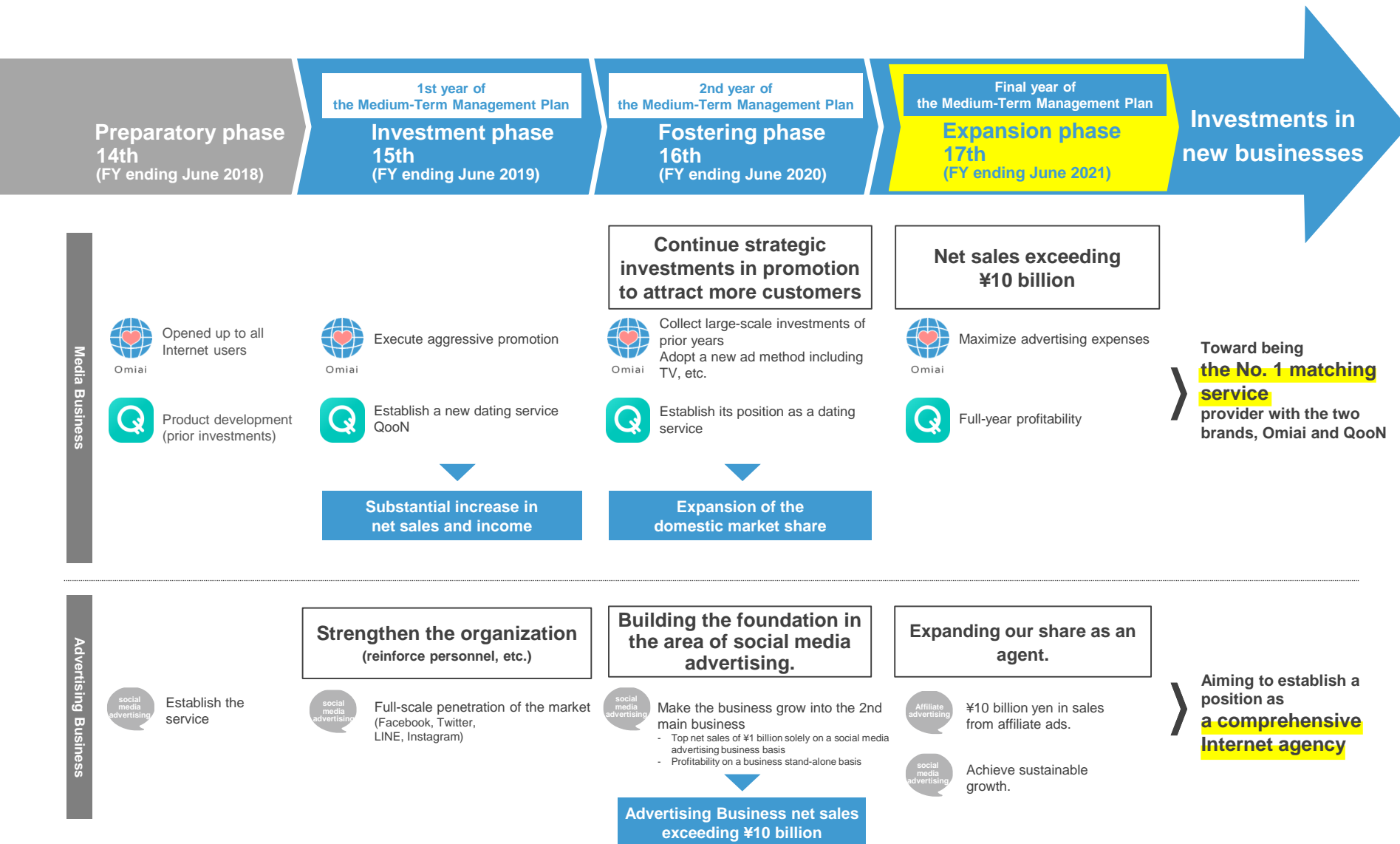
**Further create new businesses based on
the profit from the Media Business
and the Advertising Business**

**Creation
of new businesses**

3 years later

2 years later

1 years later



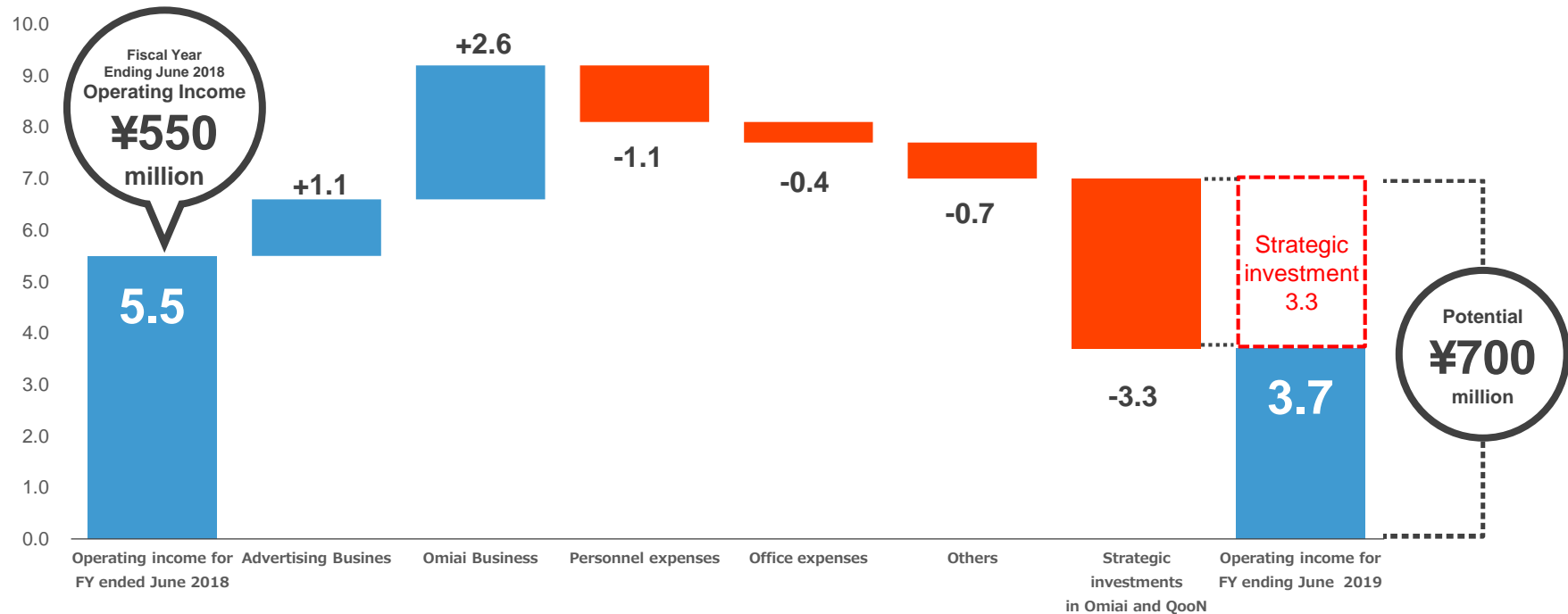
		1st year of Medium-Term Management Plan	2nd year of Medium-Term Management Plan	Final year of Medium-Term Management Plan
Billion yen	Ended June 2018 (Consolidated Results)	Ended June 2019 (Non-consolidated)	Ended June 2020 (Non-consolidated)	Ended June 2021 (Non-consolidated)
Net Sales	11.2	14.4	19.1	24.0
Advertising Business	8.0	9.4	10.9	12.7
Media Business	3.1	5.0	8.2	11.3
Segment income	1.0	0.9	1.4	2.3
Advertising Business	0.6	0.6	0.7	0.8
Media Business	0.4	0.3	0.7	1.5
Investment in new businesses	-	-	-	-0.5
Company-wide costs	-0.5	-0.5	-0.6	-0.6
Operating income	0.5	0.3	0.8	1.2

* We have made the shift to non-consolidated settlement of accounts from the fiscal year ending June 2019.

Strategic investments in promotion to attract more Omiai customers or the establishment of QooN

Decrease in operating income is anticipated in the first year of the Medium-Term Management Plan due to strategic investments

(100 million)

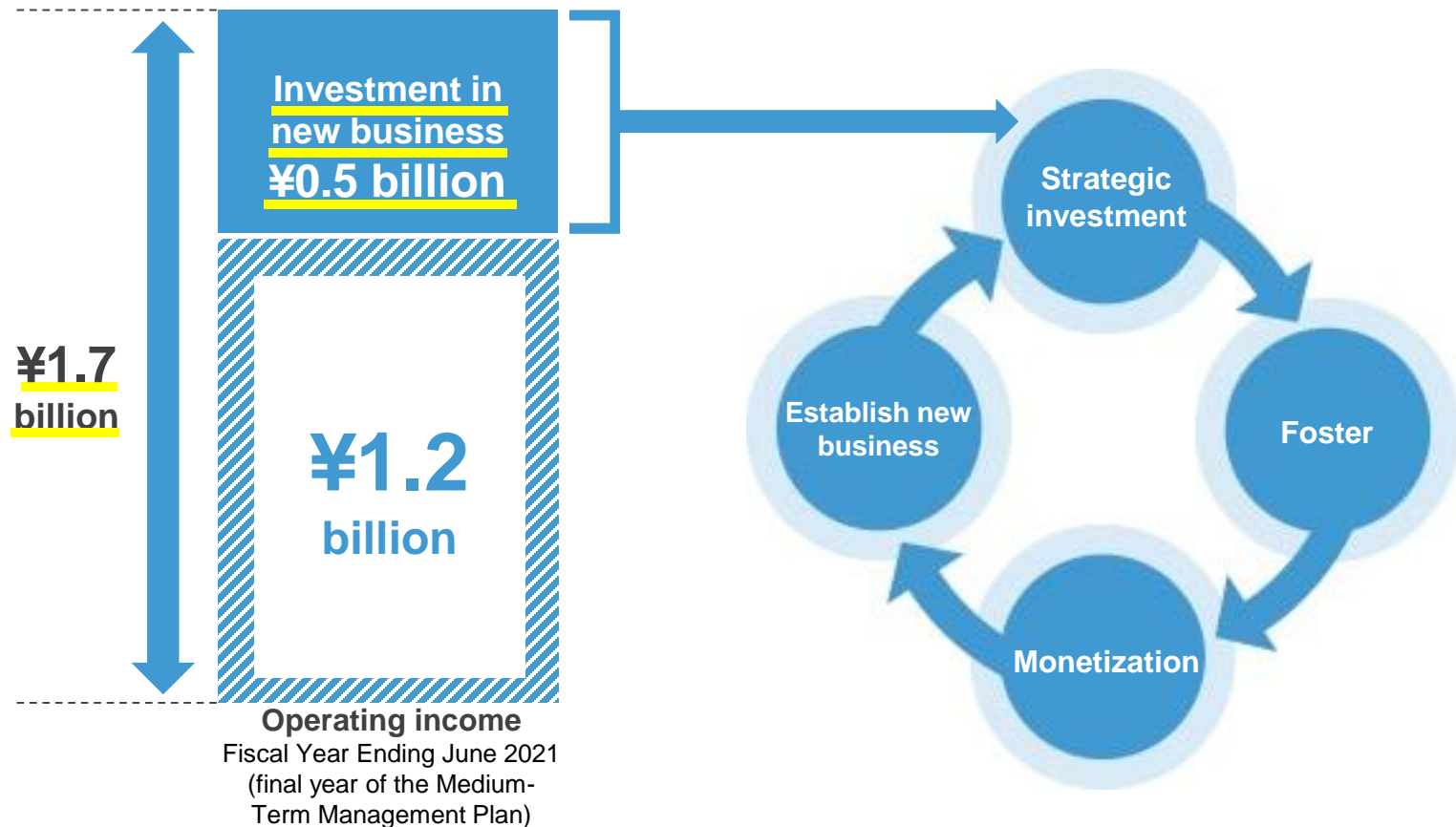


**Aiming for substantial growth in members and net sales three years from now,
the final year of the Medium-Term Management Plan, through strategic
investment in the Media Business**

Million yen	2019.6
Net Sales	14,465
Operating Income	373
Ordinary Income	372
Profit	258
EPS (Yen) (net income / average outstanding common shares)	17.73
Year-end Dividend (payout ratio)*	5 yen (28.2%)

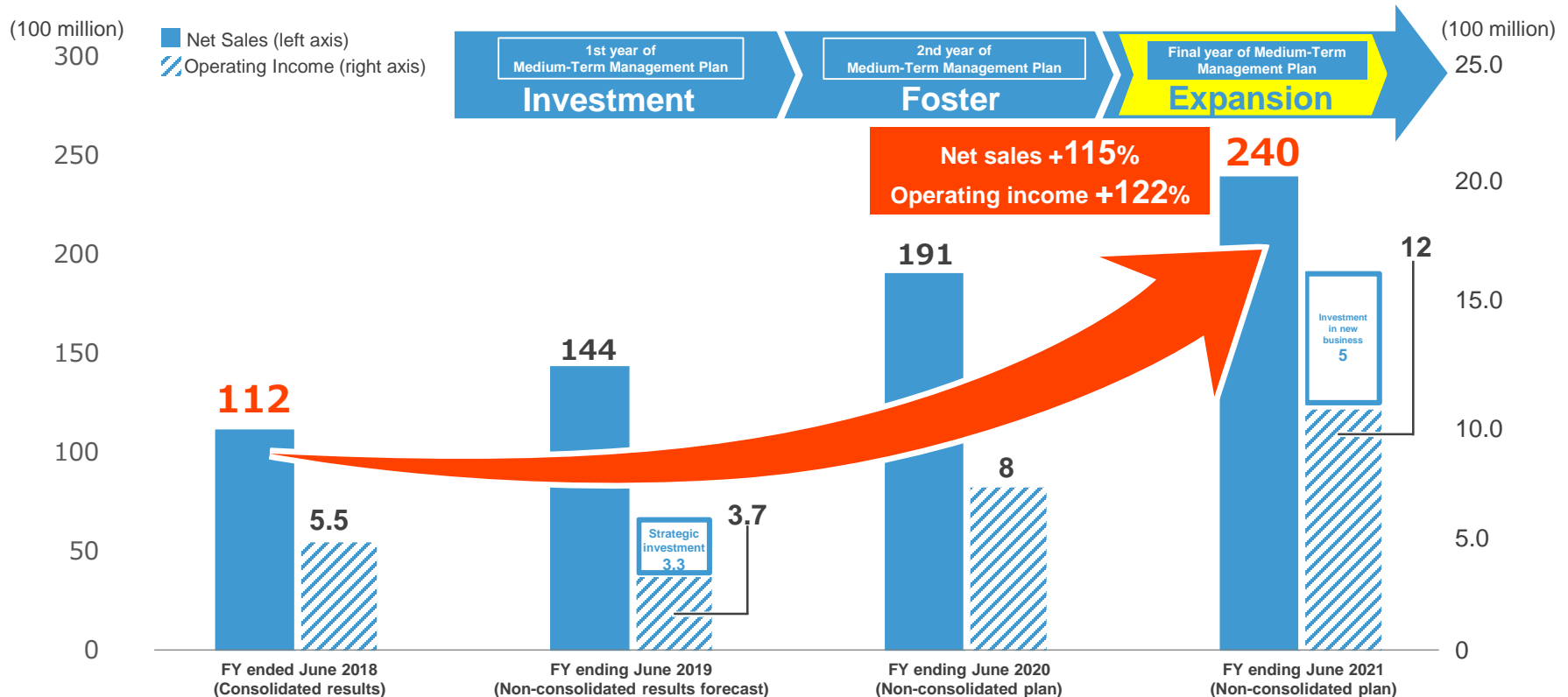
* It is our policy to execute shareholder returns in accordance with earnings, considering the balance between shareholder returns and the internal reserve that is needed for medium- to long-term initiatives or business expansion to maximize corporate value. In the fiscal year ending June 2019, we plan to pay dividends of the same level as in the fiscal year ended June 2018.

Thanks to strategic investment in the first year of the Medium-Term Management Plan, **the final year's operating income of existing businesses grows substantially to ¥1.7 billion**



Envision high growth through large-scale investments from a long-term perspective

Aiming for net sales exceeding ¥24 billion and operating income exceeding ¥1.2 billion for the fiscal year ending June 2021



- ▶ Thanks to strategic investments for the fiscal year ending June 2019, business growth will be more accelerated compared to the past three years.
- ▶ For the fiscal year ending June 2021, the final year of the Medium-Term Management Plan, net sales for the Advertising Business and the Media Business will each exceed ¥10 billion.

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Investment to Growth 2021

Individual Strategies

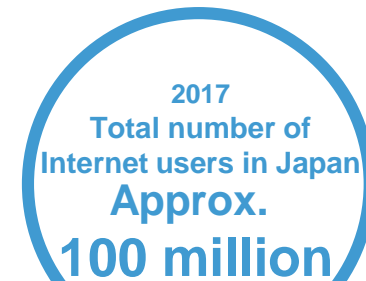
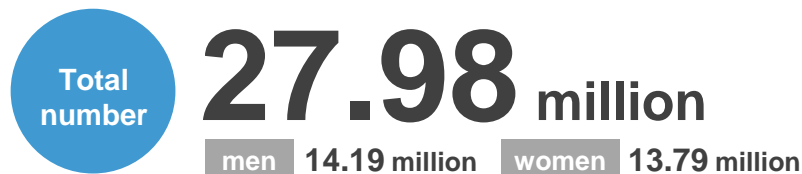
2 Individual Strategies Domestic Market Data

– Total Number of Internet Users in Japan –



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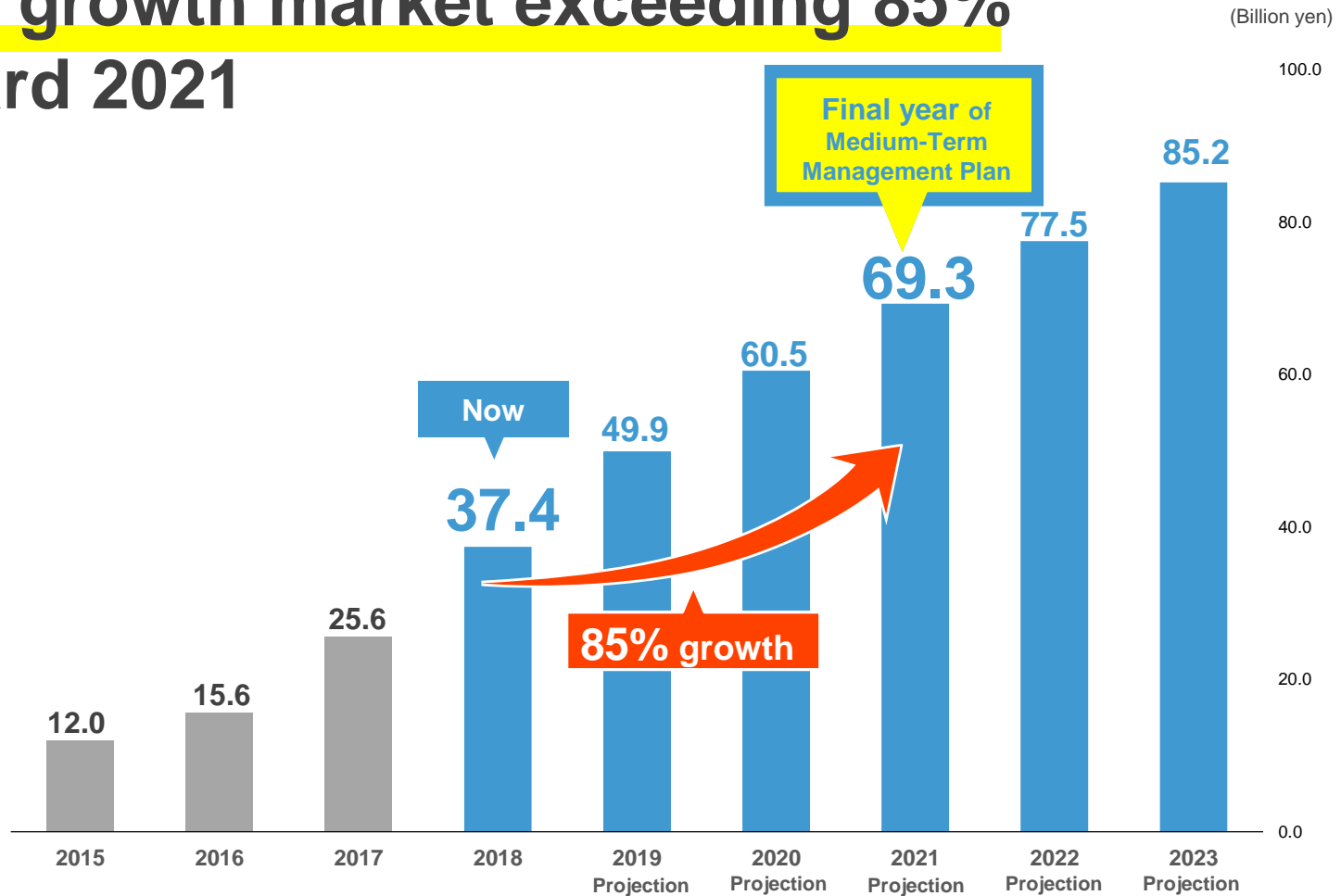
Number of men and women in their 20s and 30s in Japan



Facebook Users
Approx. 28 million + Non-Facebook Users
Approx. 72 million

* Prepared by the Company based on the basic aggregation results of the 2015 Population Census (Ministry of Internal Affairs and Communications)

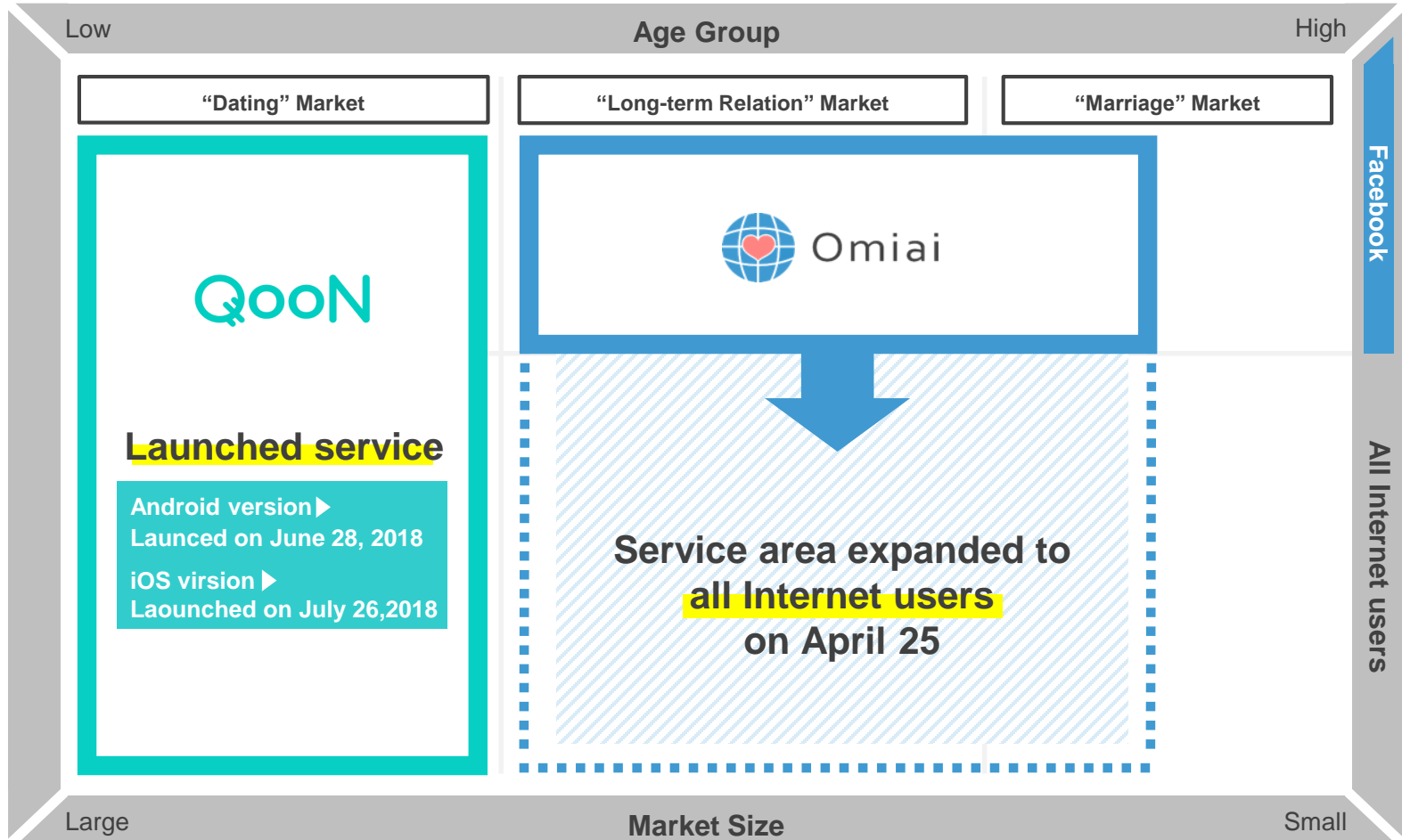
High growth market exceeding 85% toward 2021



Source: MatchingAgent, Inc./digitalinfact

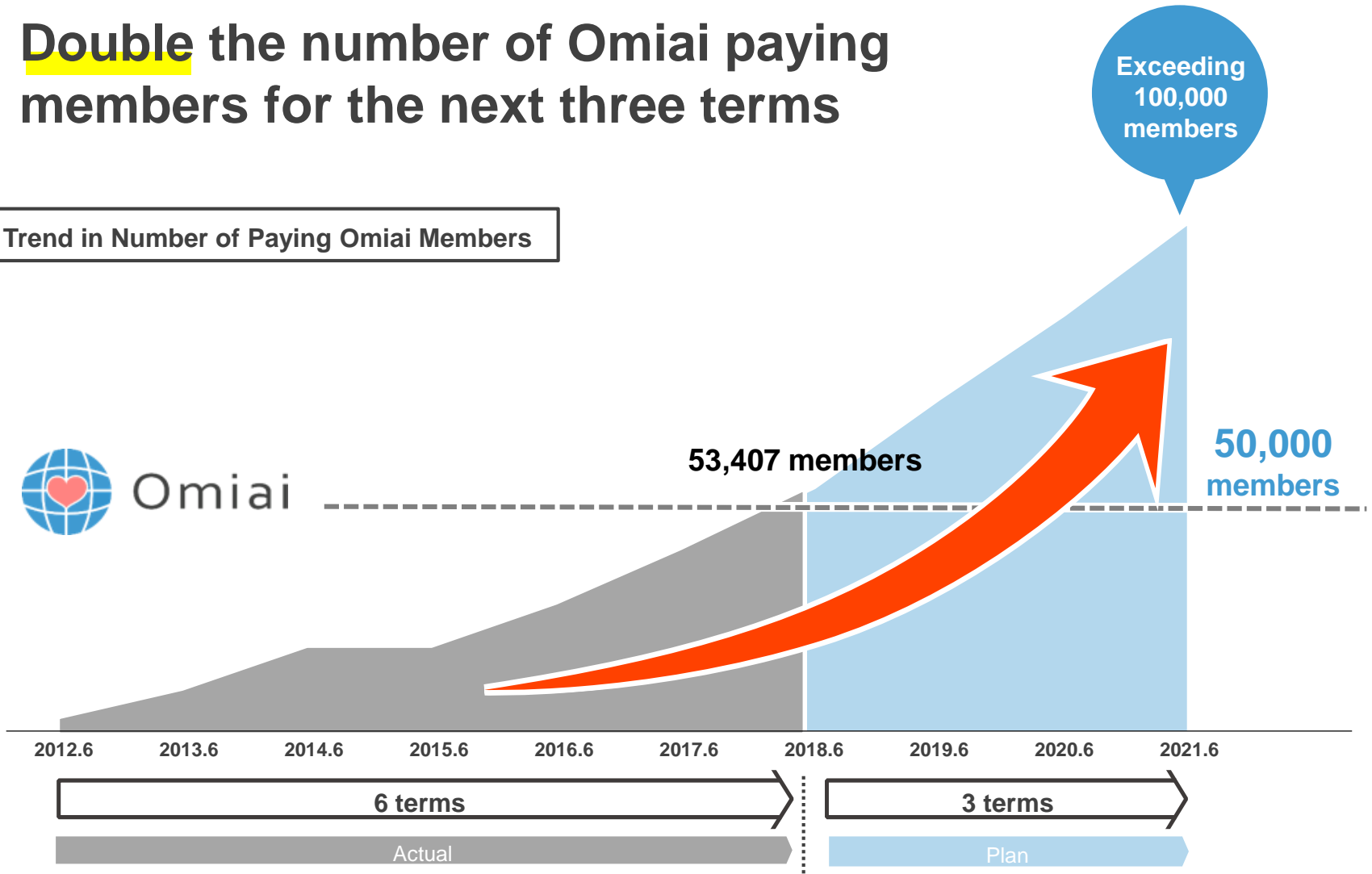
Prepared by the Company based on the Domestic Online Love & Marriage Matching Service Market Projection for 2015-2023

Market share expansion of the matching service market in Japan with two brands



Double the number of Omiai paying members for the next three terms

Trend in Number of Paying Omiai Members



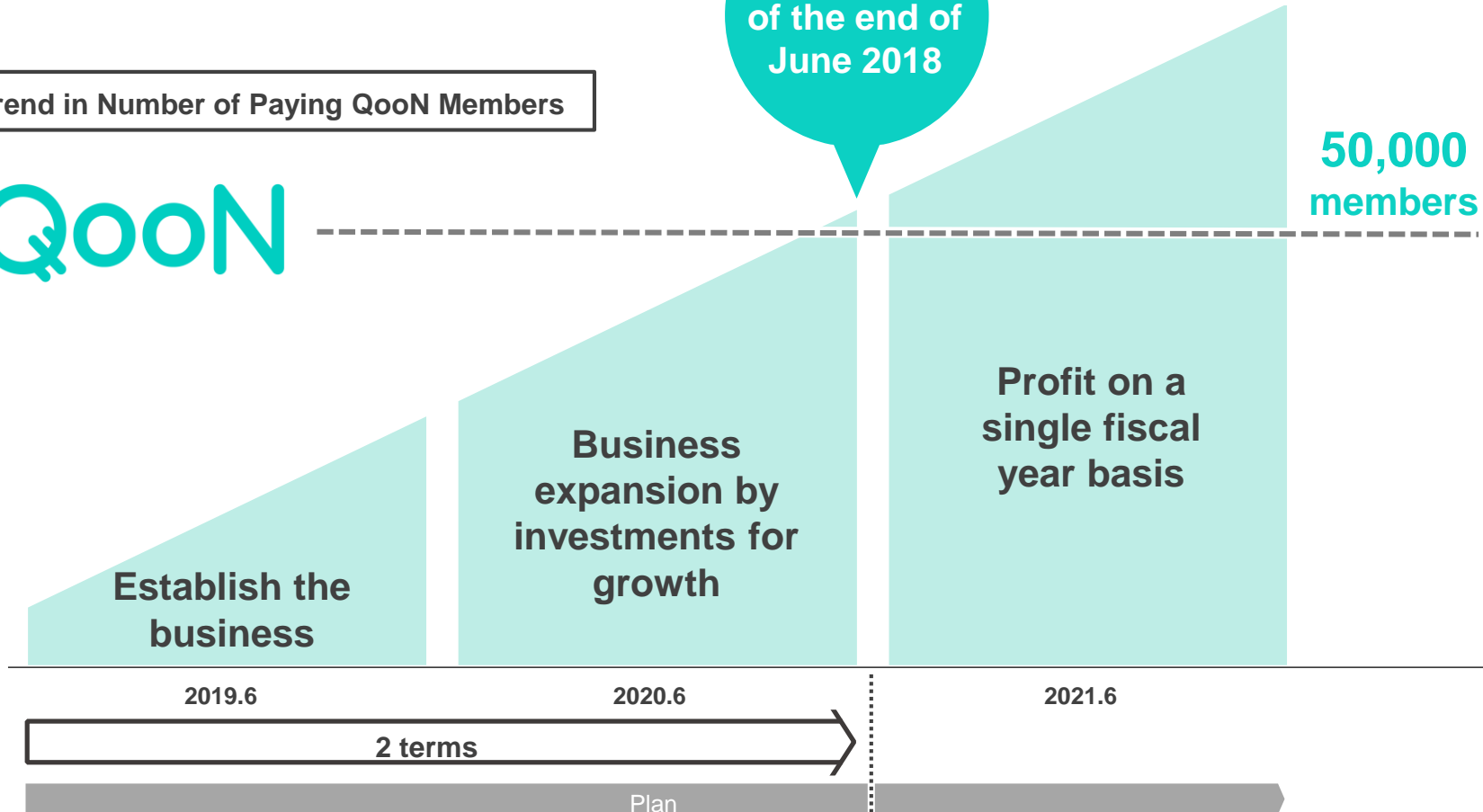
Achieved the current size of Omiai within two years after the service commenced

Trend in Number of Paying QooN Members

QooN

Omiai size as
of the end of
June 2018

50,000
members



Online matching certification system begins (anticipated)

Users are expected to increase due to the enhancement of the service environment

General Incorporated association
Marriage Support Project (MSPJ)



一般社団法人 結婚・婚活応援プロジェクト
インターネット婚活サービス分科会
MSPJ MARRIAGE | SUPPORT | PROJECT



Aim of Activities

Enhance the industry and create opportunities for safe, secure encounters

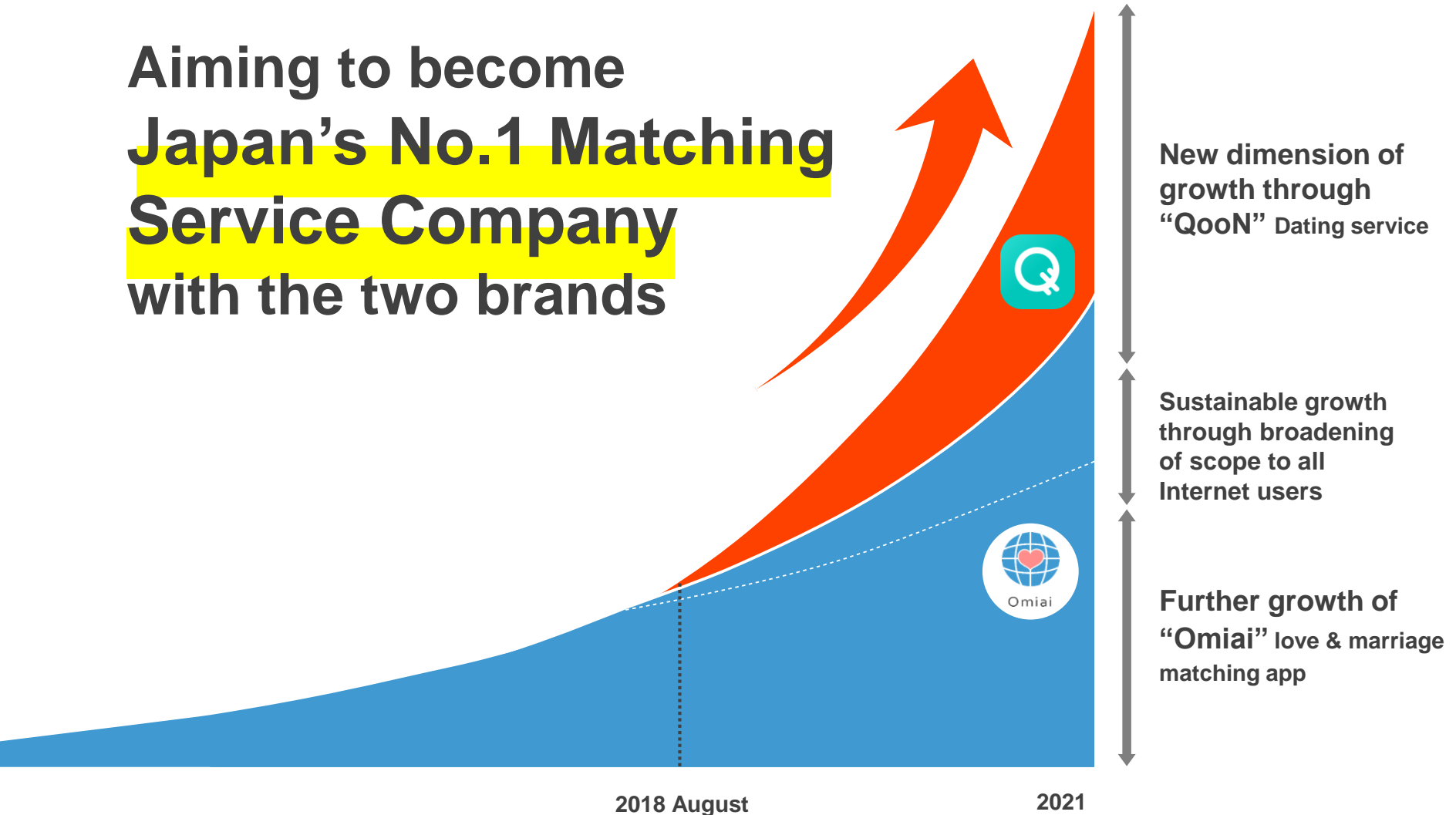
List of Participating Companies (alphabetical order)

Cyber Agent, Inc.	Matchalarm Inc.
Diverse, Inc.	Net Marketing Co. Ltd.
eureka, inc.	Recruit Marketing Partners Co., Ltd.
IGNIS LTD.	



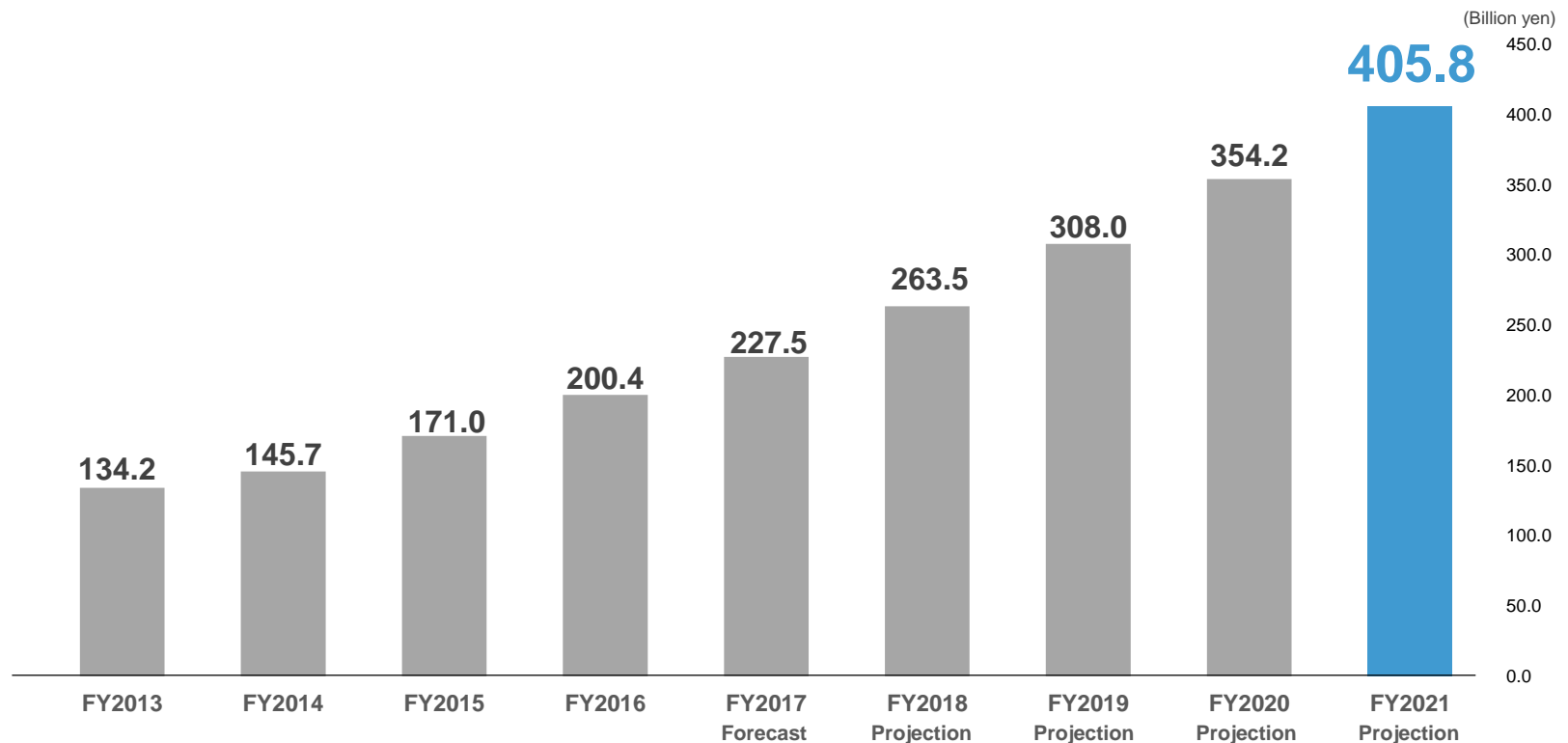
A ban on TV commercials is to be lifted

Aiming to become Japan's No.1 Matching Service Company with the two brands



A market where **stable growth** is expected toward fiscal year 2021

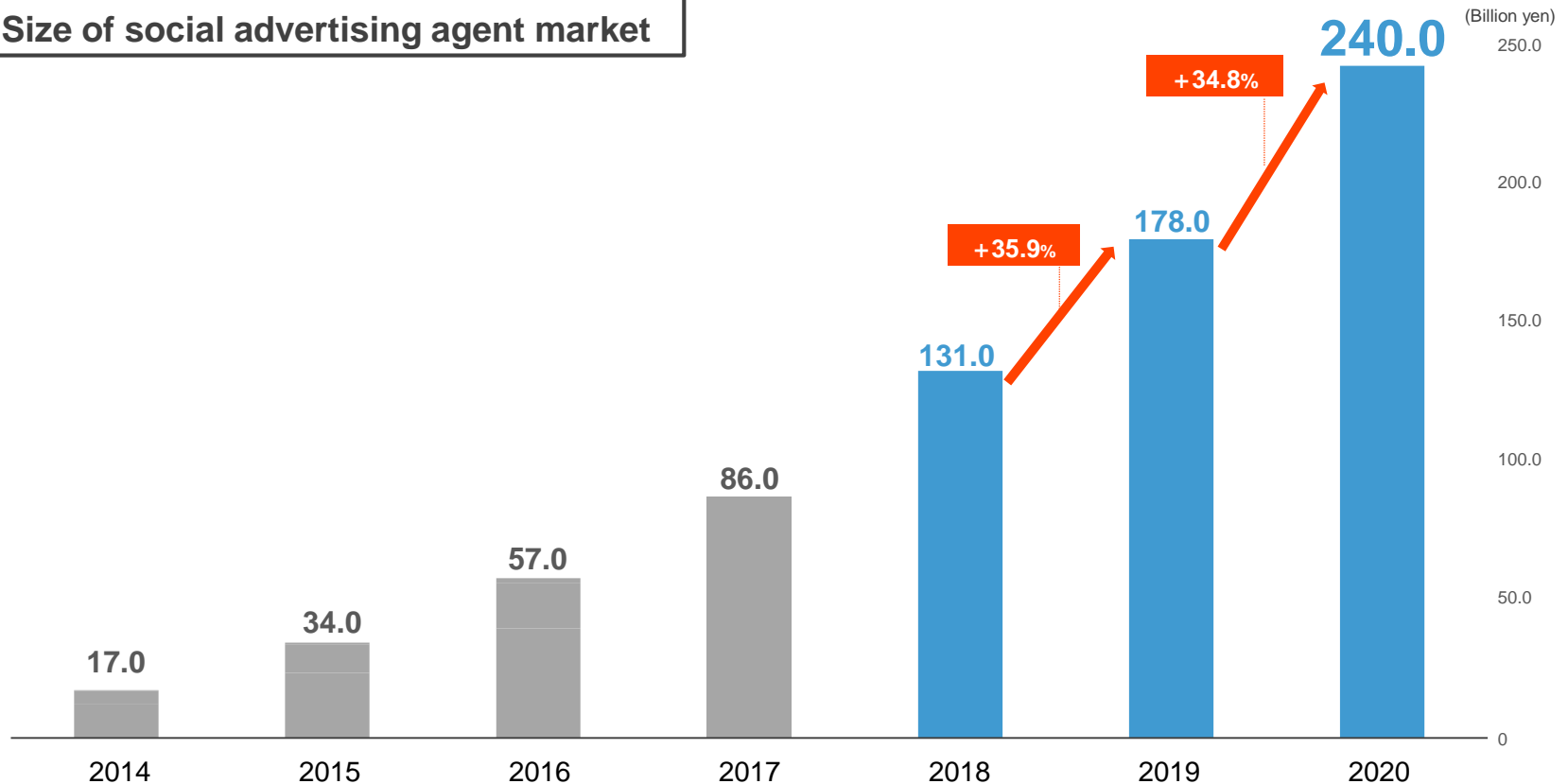
Projected Size of Affiliate Marketing Market (FY2013-FY2021)



Source: Prepared by the Company based on “Trends in and Outlook for the Affiliate Marketing Market 2018” by Yano Research Institute

A high growth market with an annual growth rate of 35% toward 2020

Size of social advertising agent market



Source: Prepared by the Company based on MIC Research Institute 2016

Striving to expand the operations of the advertising business by increasing our market share of affiliate marketing and establishing social media advertising

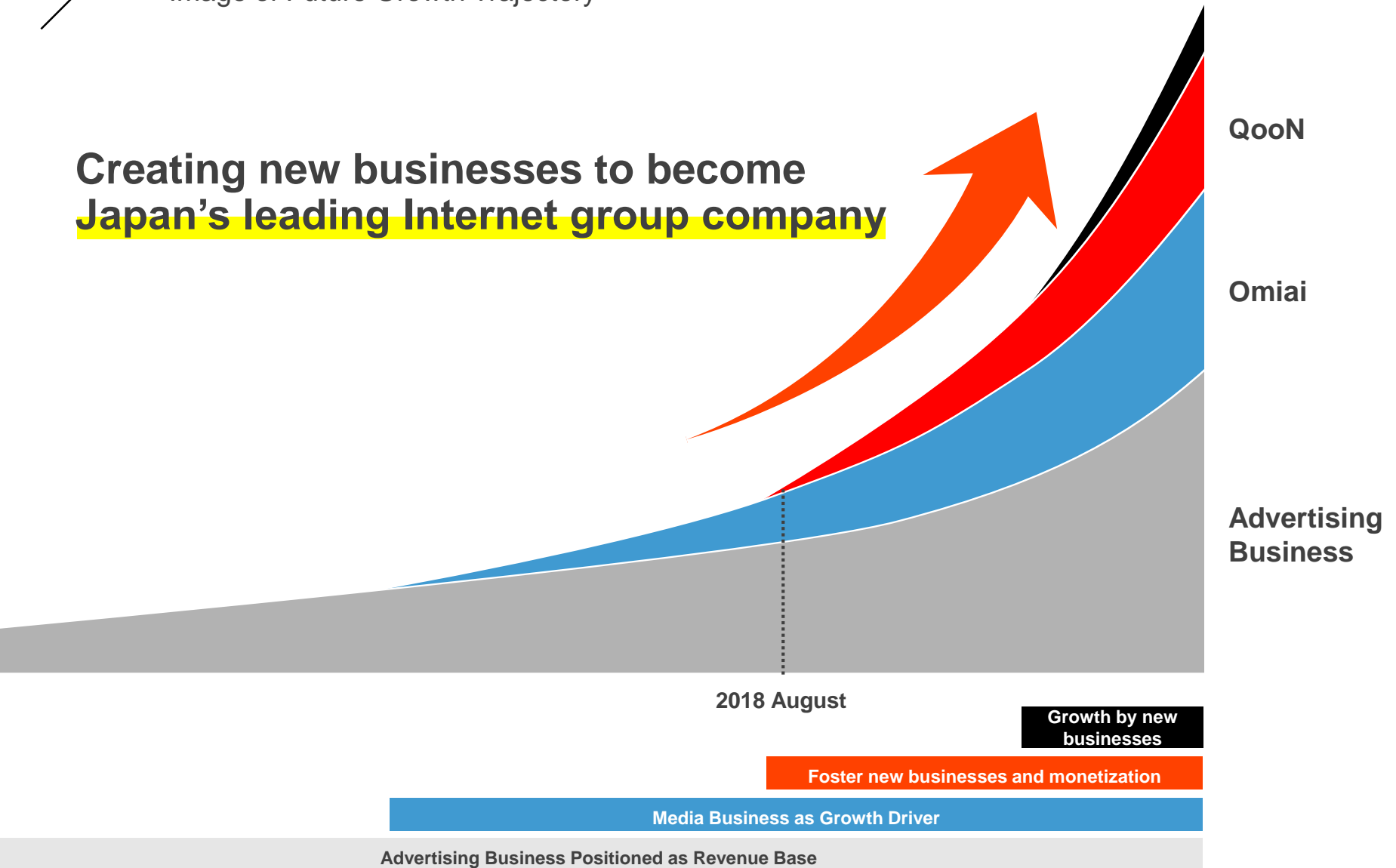


Establish our position as a major agency of social media advertising



Business growth toward being a comprehensive Internet agency

Creating new businesses to become
Japan's leading Internet group company



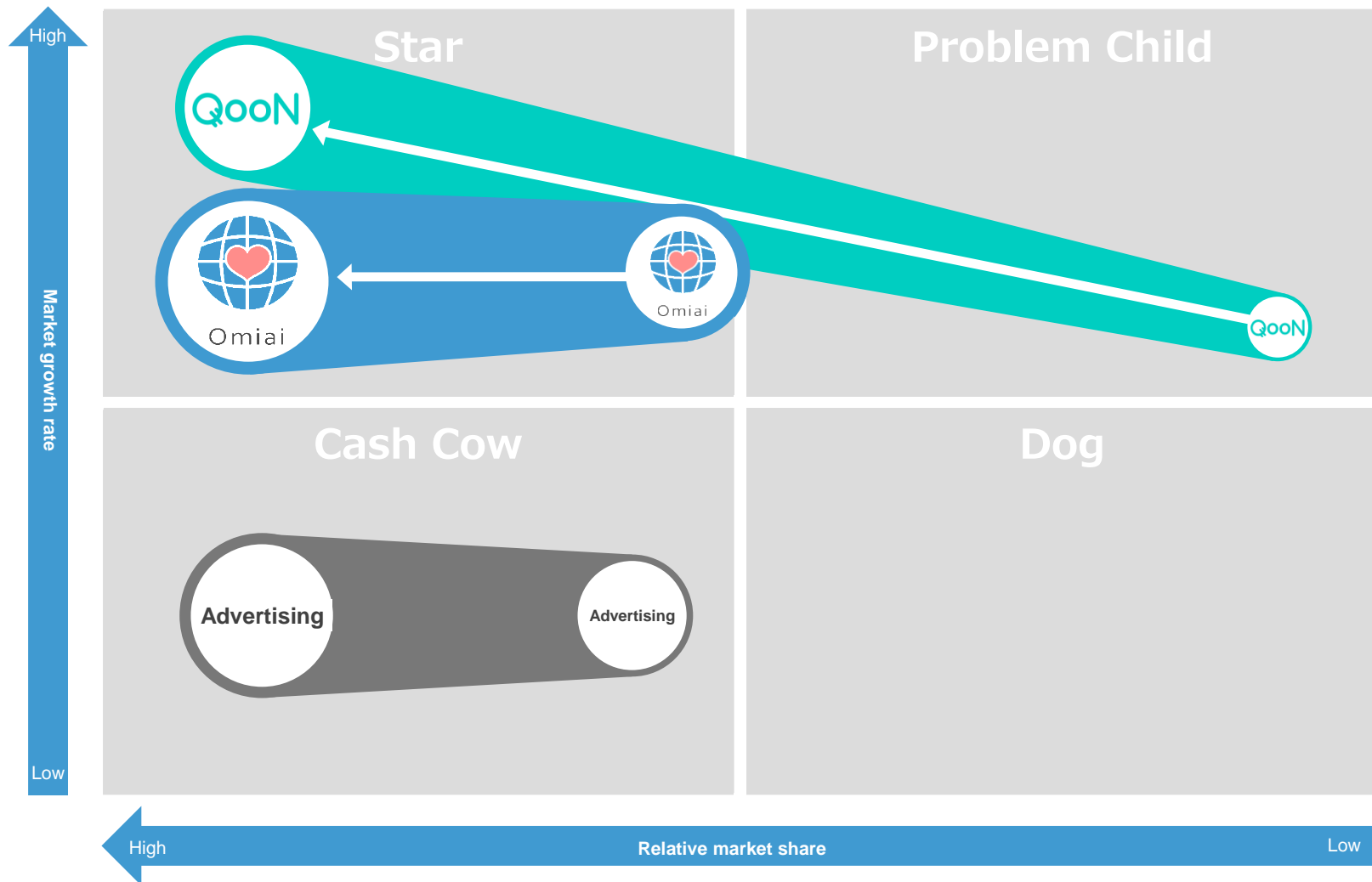
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Appendix



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🔍 Search type

Find a potential match from among many members and approach the match who meets your conditions

1

Introduce you to a potential match recommended for you

2

Press "Like!" for your favorite match

3

If a match is made, messages can be exchanged



! Instinct type

Sort photos using a swipe operation and approach your favorite match light-heartedly

For a speed-matching function: "Qdish," "Qtoday" ▶

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Skip



Press "Skip" and move onto the next potential match

Like



Press "Like" and approach the match

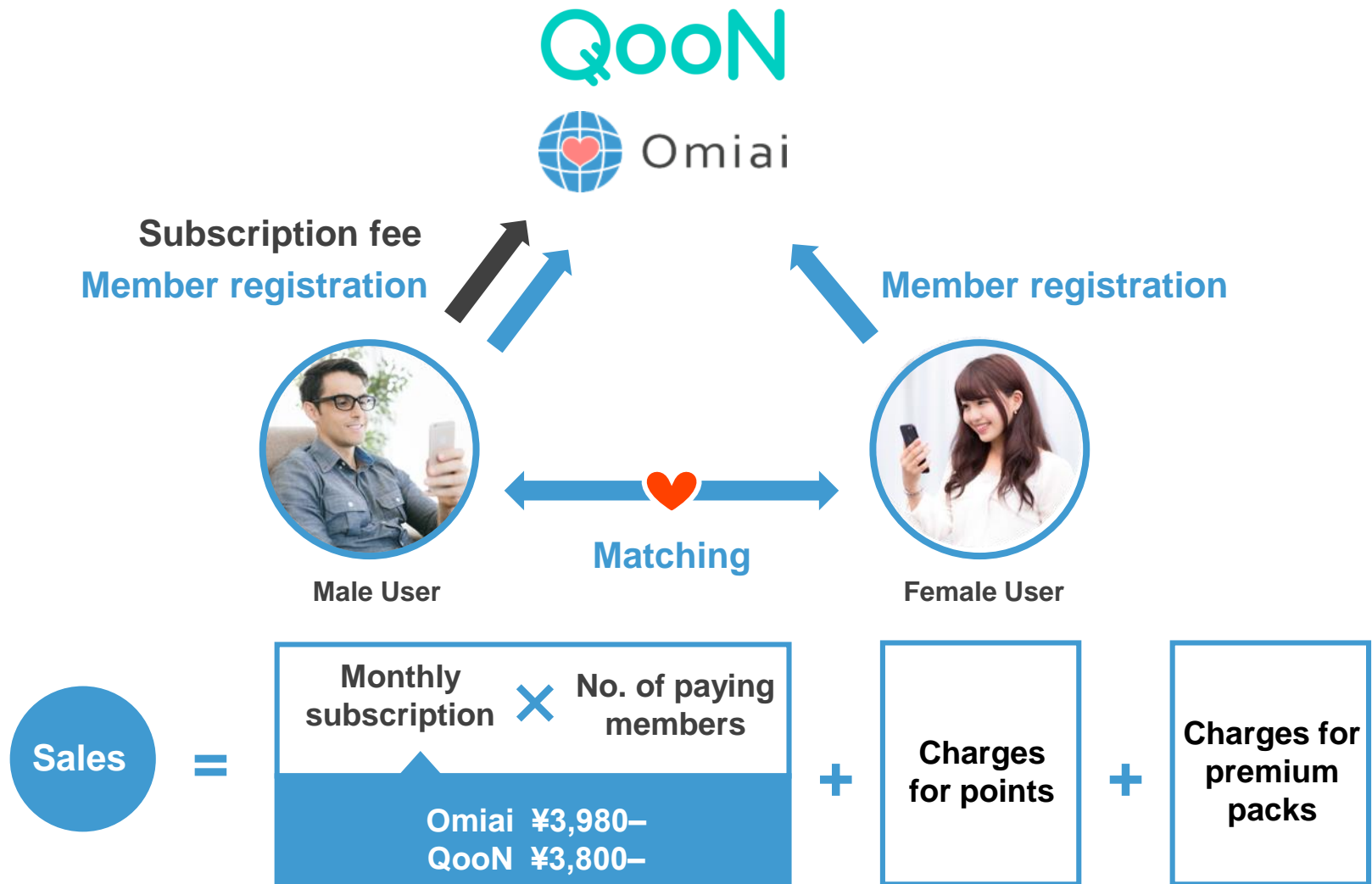


* Image is for illustration purposes only.

3 Love & Marriage Matching Service – Business Model –



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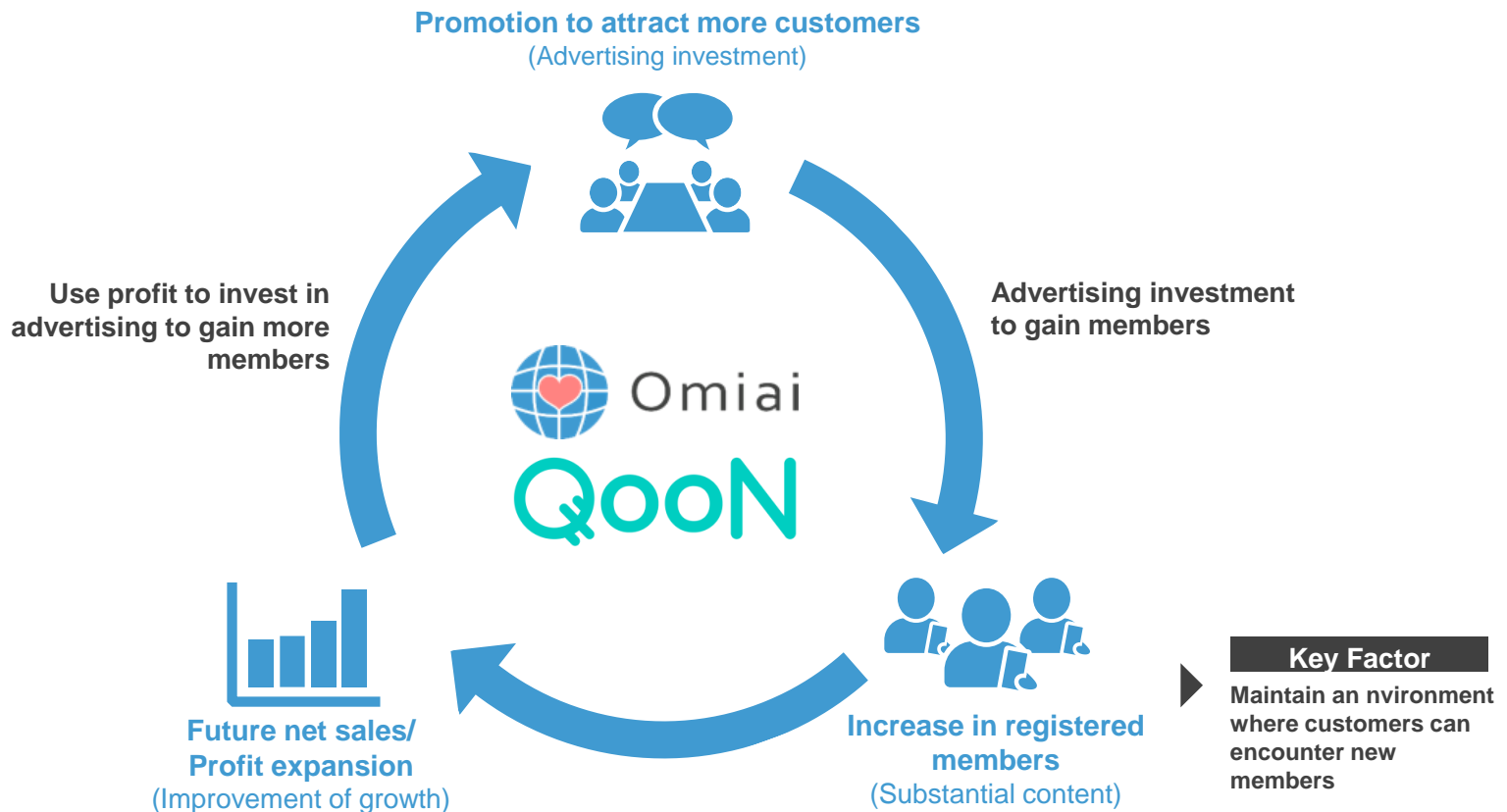


* The above monthly charges are an example of a one-month charge plan by credit card settlement (AppleID settlement and GooglePlay settlement are available).

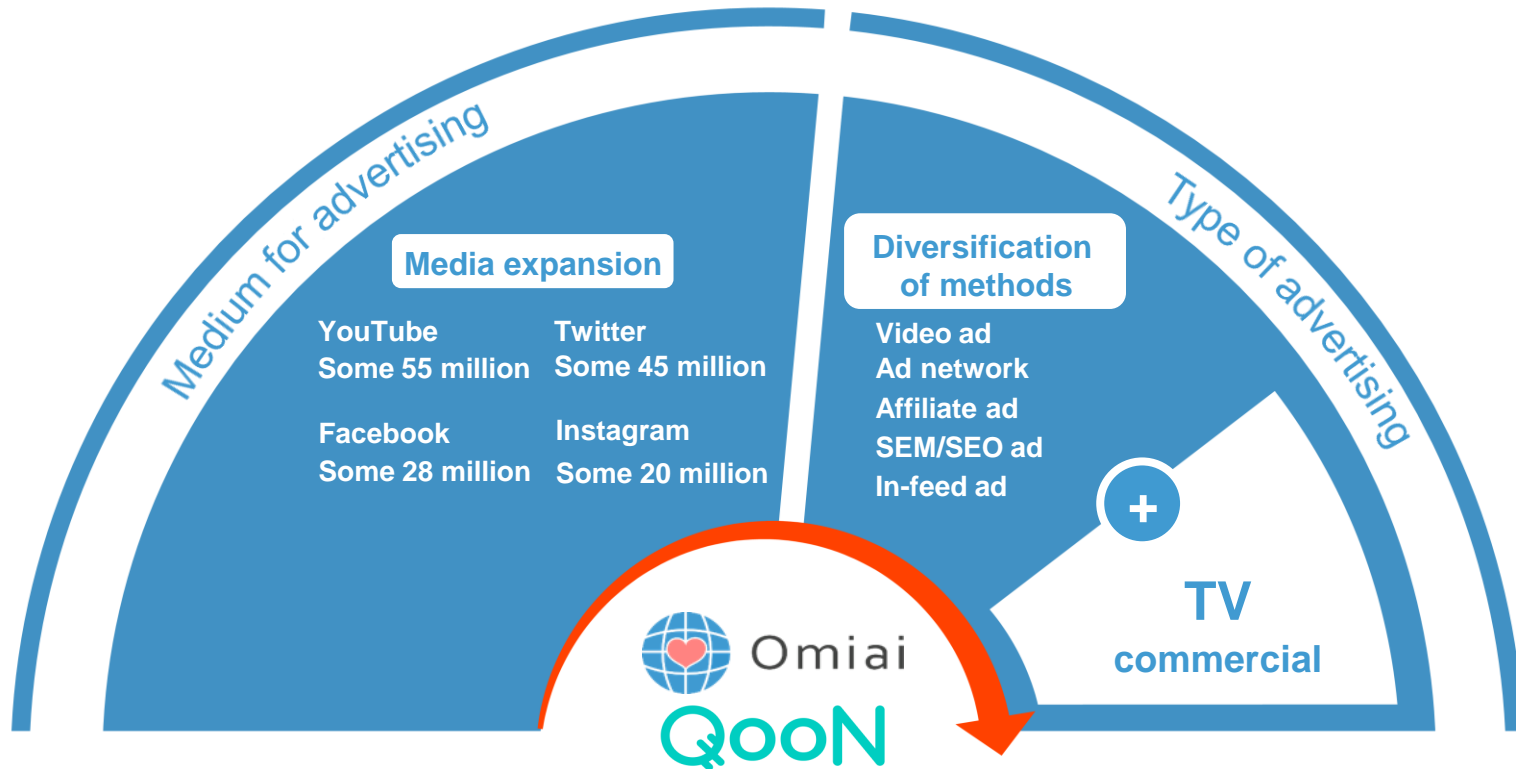
* There are other plans, including multiple-month charge plans.

**What we should attach weight to in business expansion is
the continuous influx of new members.**

**The key is a virtuous cycle of a promotion to attract more customers
and a growing number of members.**



Increase the effectiveness of a promotion to attract more customers by reinforcing the ad placement medium or the ad placement volume



* Nielsen survey for YouTube, official announcements by each company for others

* MAU is used for Facebook and Instagram, no. of monthly users are stated for Twitter and YouTube.

**Strive for further market share expansion
by enhancing the business management expertise
nurtured for many years, as well as safety**

**Product/Market Knowhow
KPI Management**

CPA Management

Management of
paying rate/re-paying rate

ARPPU Management

Management of retention rate



**“Safe, secure” design and
service operation**



Strict age confirmation based
on submission of ID



Message monitoring
24 hours, 365 days



Function of violation reporting
by users



Compulsory withdrawal of
malicious users



Operation of blacklist

World-leading online matching services company, with more than
45 brands in more than **190** countries worldwide

Match Group, Inc

Market cap on listing on NASDAQ: approx. **1.05** billion USD
(around ¥1.165 trillion)

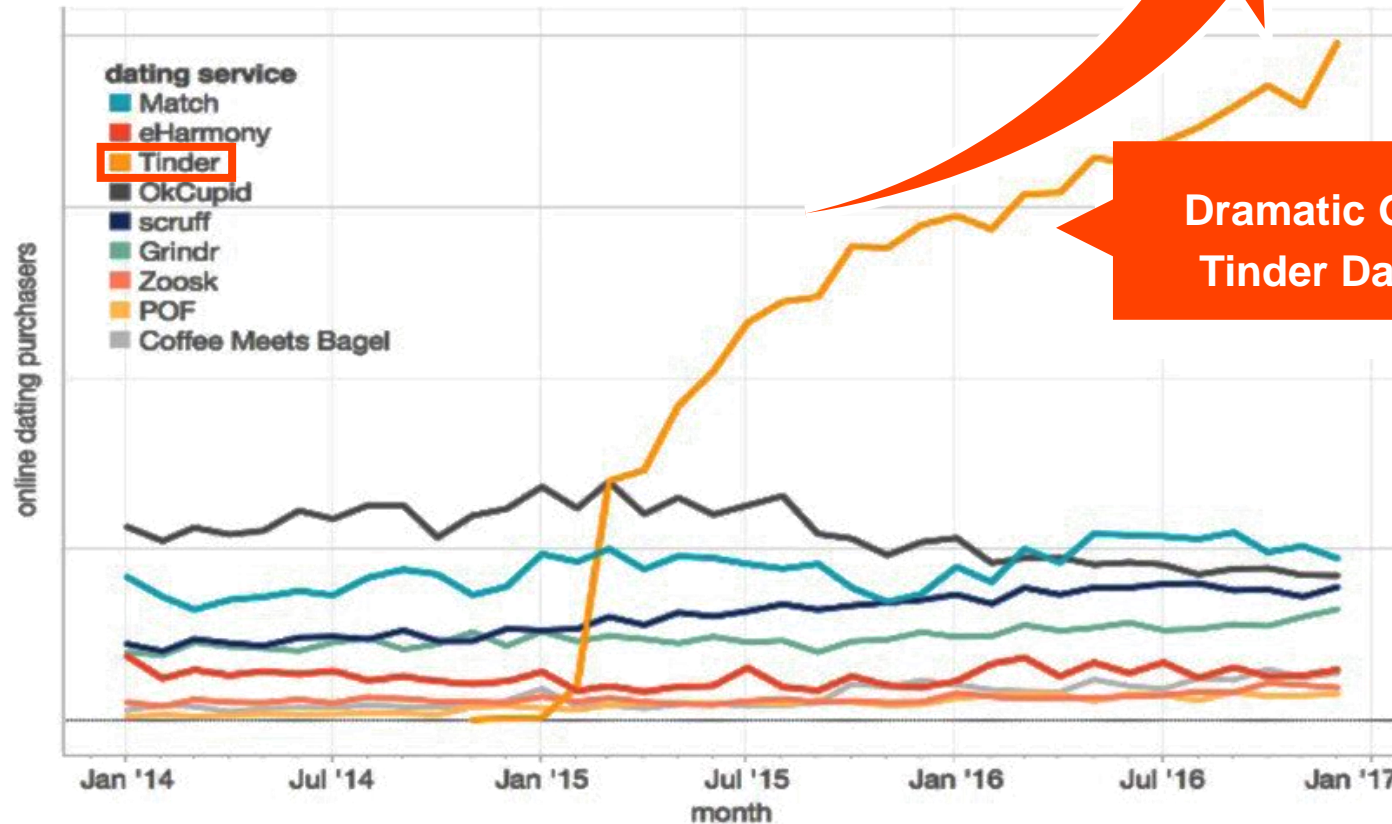
* As of August 3, 2018, 1USD = 111JPY

Tinder
Dating App

More than **50 million** subscribers* etc.

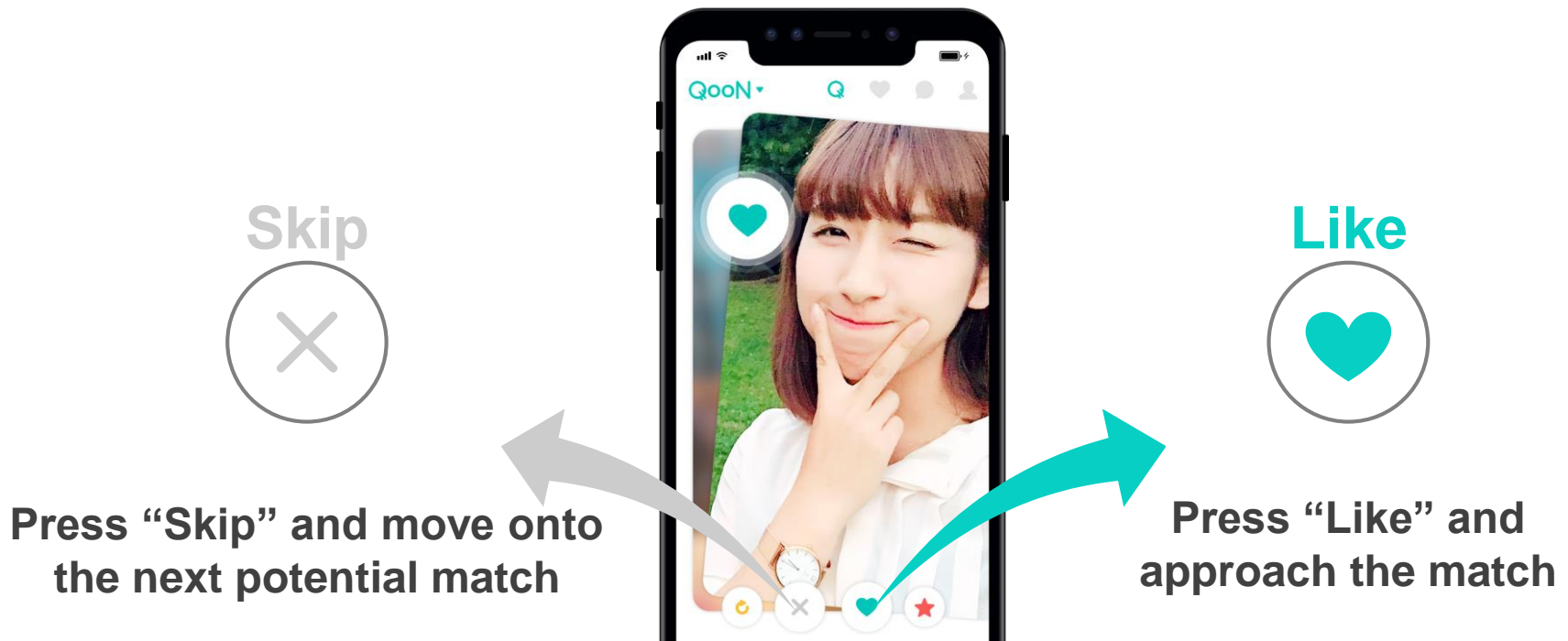
* Number of Tinder members is based on our research

Dating App is Highest Grossing App on App Store



**Dramatic Growth of
Tinder Dating App**

Makes it easier to connect by swiping profile photographs left or right

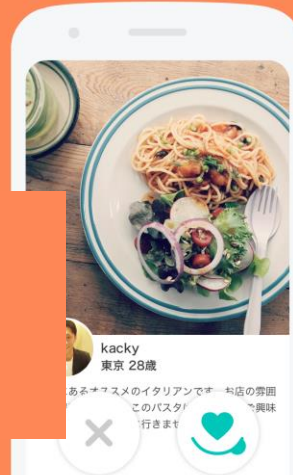


* Image is for illustration purposes only.

Directly linked to dating, what is “Speed Matching”?

Qdish MODE

*Meeting your
favorite match at
your favorite
restaurant*



Qtoday MODE

*Make today a
special day*



Restaurant date with a fixed date

- 1 Matching after deciding a restaurant where dates take Place
- 2 Attractiveness of profiles +
Attractiveness of restaurants
- 3 **Restaurant dates**

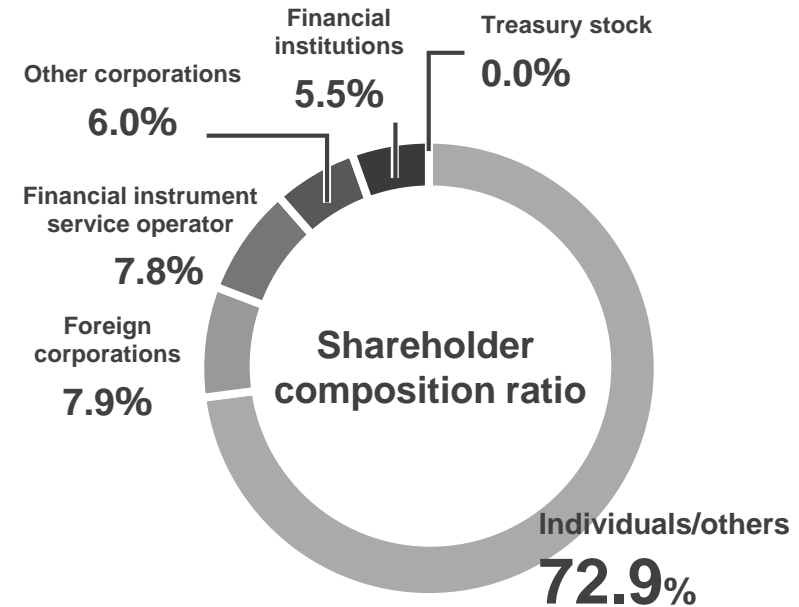
Date today with available time

- 1 Matching after deciding a time today or a restaurant for a meeting
- 2 Meet and have fun with the **available time**
- 3 **Date on the day**

**Total number of
outstanding shares** 14,562,000 shares

**Total number of
shareholders** 5,400 persons

	No. of shareholders (persons)	No. of shares (shares)	Share distribution ratio (%)
Individuals/others	5,303	10,621,500	72.9
Foreign corporations	27	1,145,997	7.9
Financial instrument service operator	29	1,128,057	7.8
Other corporations	37	867,700	6.0
Financial institutions	3	798,600	5.5
Treasury stock	1	146	0.0

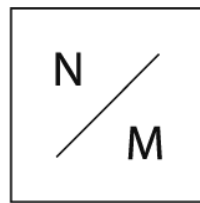


Shareholder name	No. of shares owned (shares)	Ratio of no. of shares owned (%)
Kunihisa Miyamoto	3,374,200	23.17
Takahiro Nagano	2,157,000	14.81
SBI Securities Co., Ltd.	659,000	4.52
State Street Bank And Trust Company 505019	594,100	4.07
The Master Trust Bank of Japan, Ltd. (trust account)	468,100	3.21

The vision or policy for the essential growth of the Company and business strategy have been set forth in the Medium-term Management Plan.

We would like you to consider investments by taking into account our medium- to long-term perspective encompassed in the earnings forecast or index of each term.

Officers/employees share visions through the Medium-term Management Plan, and are determined to unite as one team companywide and commit to achieving our goals.



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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.