



LINKBAL

FY2020/09 Q1 Financial Results Briefing Materials

LINKBAL INC.

February 5, 2020

TSE Mothers

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- This material presents information about LINKBAL's business and trends in the communications services sector. It also contains forward-looking statements that are based on LINKBAL's current expectations, assumptions, estimates and projections about its business and sector.
- These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results of LINKBAL to differ from those implied by the forward-looking statements.
- LINKBAL can make no guarantee that these forward-looking statements and estimates will prove to be accurate, as its actual results could differ materially from those anticipated in such statements.
- The forward-looking statements within this material are based on information available to LINKBAL as of February 5, 2020, and LINKBAL is not obligated to update or revise any contents of the forward-looking statements to reflect future events or circumstances.

- 1 FY2020/09 Results Forecast
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- 3 Policy for Expansion in Experiential Consumption Market
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1 FY2020/09 Results Forecast



FY2020/09 is positioned as a period of investment for growth in the medium to long term.

1) Acquire new customers and build customer base.

⇒Develop new users and potential users.

- Cognitive ads that contribute to growth in the medium and long term, etc.

⇒Increase repeat rate among existing users by improving services.

2) Actively invest in new services.

⇒Launch new services to expand experiential consumption domain.

- In-house development/M&A/Collaboration, etc.

⇒Actively recruit human resources

- Staff in charge of new business development, etc.

FY2020/09 Results Forecast P/L Forecast

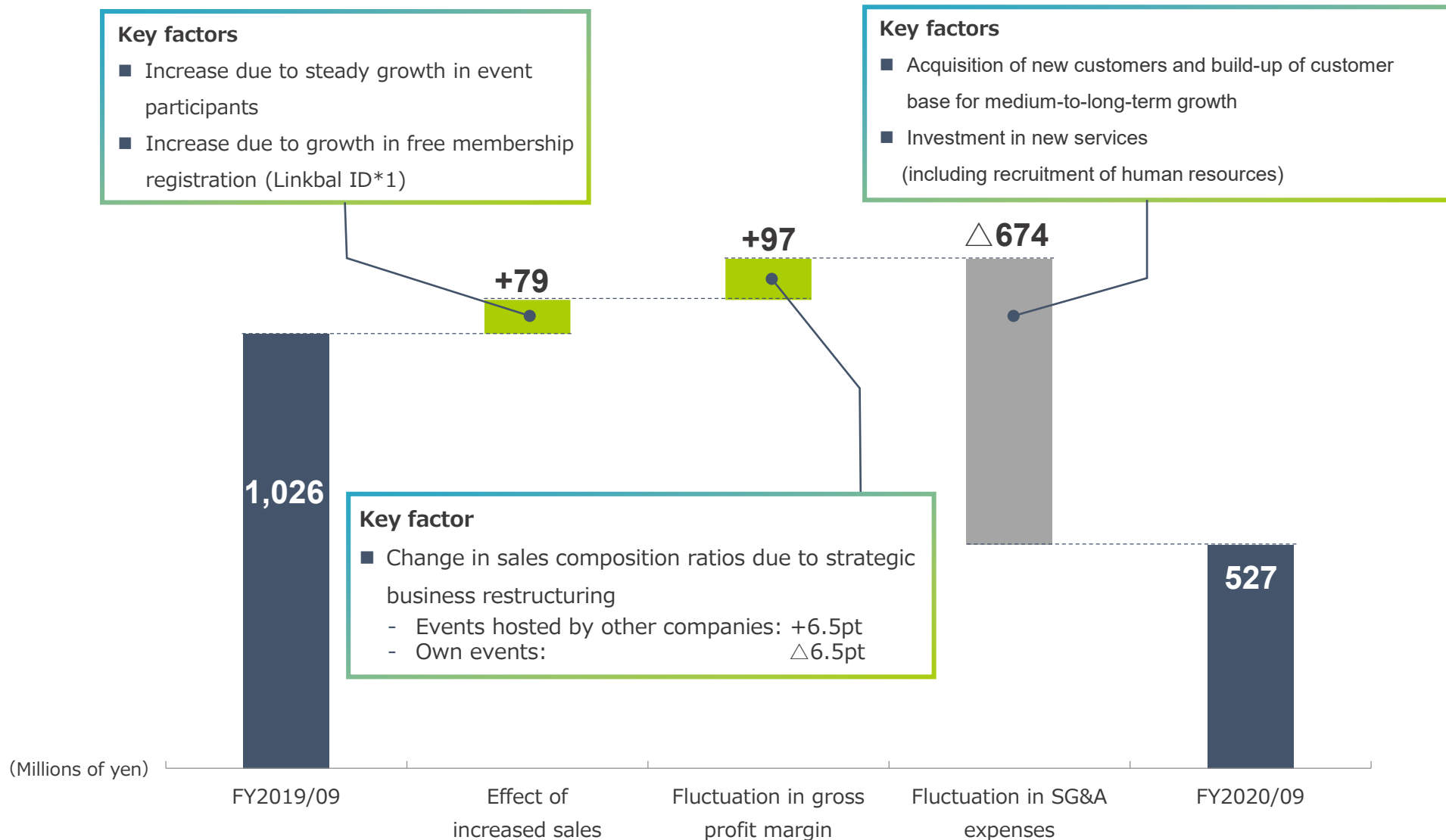
While sales are expected to increase, we will prioritize investments for growth in the medium and long term.

(Millions of yen)

	FY2019/09	FY2020/09	YoY
	Actual	Projection	
Sales	2,719	2,804	+3.1%
Operating Profit	1,026	527	△48.6%
Margin	37.7%	18.8%	△18.9pt
Recurring Profit	1,028	527	△48.8%
Margin	37.8%	18.8%	△19.0pt
Net Profit	632	327	△48.3%
Margin	23.3%	11.7%	△11.6pt

FY2020/09 Results Forecast

Operating Profit Variance Analysis



*1 : LinkbalID is the name of a user ID that can use "machiconJAPAN", "CoupLink", "KOIGAKU", "Paiky", "Jinjitalk"

FY2020/09 Results Forecast - Sales Forecast by Service

We expect both the Event e-commerce website management service and the Website management service to record higher sales due to an increase in users.

(Millions of yen)

Service	FY2019/09	FY2020/09	YoY
	Actual	Projection	
Event e-commerce website management service	2,482	2,543	+2.5%
Component ratio (%)	91.3%	90.7%	△0.6pt
Website management service	236	261	+10.3%
Component ratio (%)	8.7%	9.3%	+0.6pt

2 FY2020/09 1Q Results Summary



■ Improvement of profitability

The gross profit margin improved as a result of strategic business restructuring (increase in ratio of events hosted by other companies).

■ Natural disasters

Event participant numbers were affected by the severe typhoons that hit Japan in October 2019.

■ Upfront investment

Operating income fell due to upfront investments for future growth (cognitive advertising, recruitment of human resources, etc.).

FY2020/09 1Q P/L Summary

(Millions of yen)

	FY2019/09 1Q	FY2020/09 1Q	FY2020/09 1H Initial Forecast	YoY	Progress vs. FY2020/09 1H Plan
	Actual	Actual			
Sales	758	603	1,301	△20.4%	46.4%
Gross Profit	655	558	-	△14.8%	-
Margin	86.5%	92.5%	-	+6.0pt	-
Operating Profit	260	171	301	△34.1%	56.8%
Margin	34.3%	28.4%	-	△5.9pt	-
Recurring Profit	261	172	301	△34.2%	57.0%
Margin	34.5%	28.5%	-	△6.0pt	-
Net Profit	158	110	187	△30.2%	59.1%
Margin	20.9%	18.3%	-	△2.6pt	-

FY2020/09 1Q P/L Summary

■ Event participants

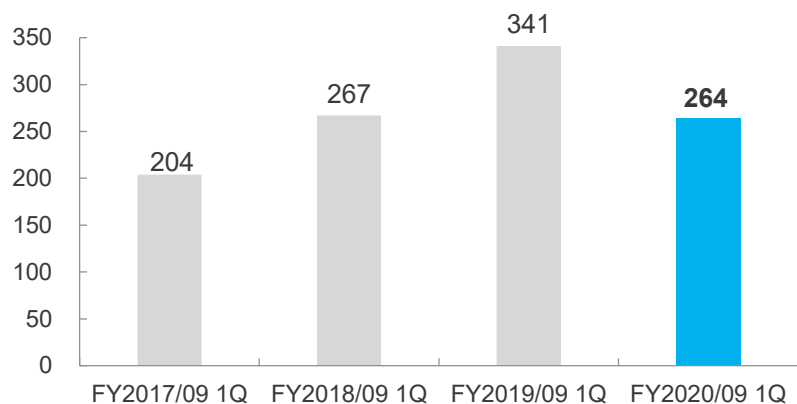
In October 2019, Japan seemed to be hit by typhoons almost every weekend, leading to many cancellations of posted events, which severely impacted participant numbers.

■ Event listings

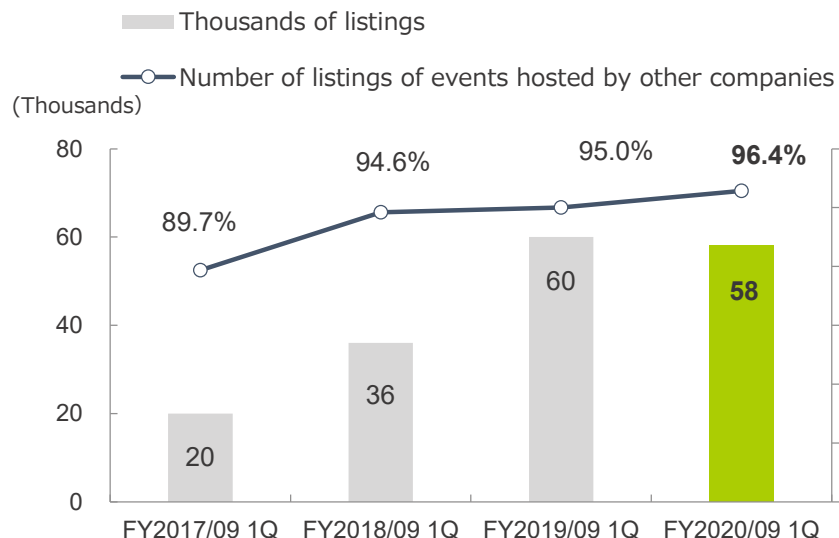
The number of listings fell year on year because we narrowed down event listings to increase the ratio of high-quality events.

Trend of event participants

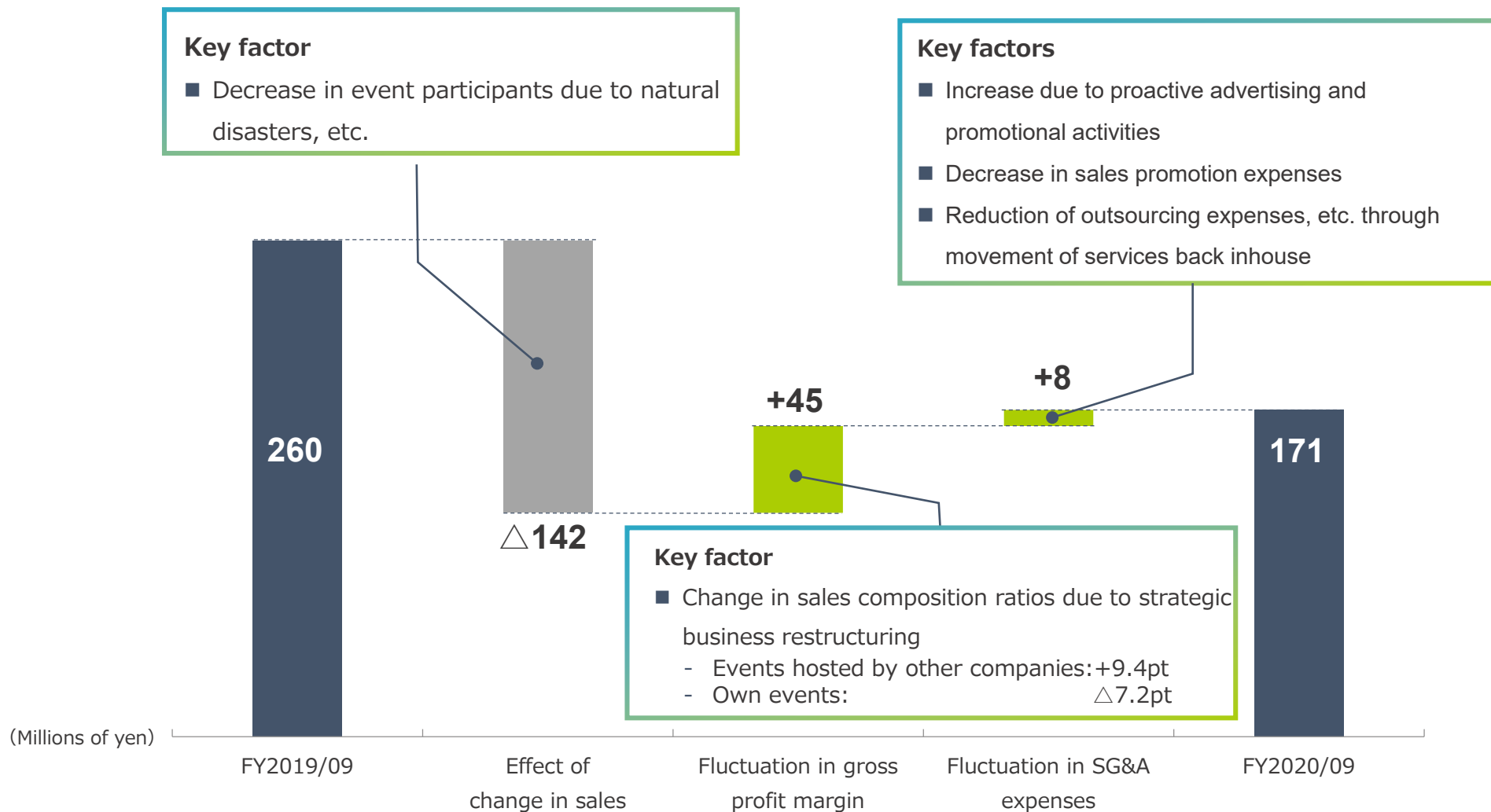
(Thousands of people)



Trend of event listings



FY9/2020 1Q Operating Profit Variance Analysis



FY2020/09 1Q Breakdown of Sales by Service

Revenue from events hosted by other companies were affected by the severe typhoons that hit Japan in October 2019.

KOIGAKU revenue fells due to a reduction in articles and other content.

(Millions of yen)

	FY2018/09 1Q	FY2019/09 1Q	FY2020/09 1Q	YoY
	Actual	Actual	Actual	
Event e-commerce website management service	585	695	549	△21.0%
Component ratio	94.1%	91.7%	91.0%	△0.7pt
Revenue from events hosted by other companies	386	535	474	△11.4%
Service component ratio	66.1%	77.0%	86.4%	+9.4pt
Revenue from own events	190	144	74	△48.2%
Service component ratio	32.5%	20.8%	13.6%	△7.2pt
Other revenue	8	15	—	—
Service component ratio	1.4%	2.2%	—	△2.2pt
Website management service	36	62	54	△13.6%
Component ratio	5.9 %	8.3%	9.0%	+0.7pt

FY9/2020 1Q BS Summary

The equity ratio rose to 83% due to an increase in retained earnings resulting from net profit growth.

(Millions of yen)

		As of Sep. 30, 2019	As of Dec. 31, 2019	YoY
	Current Assets	2,460	2,396	△64
	Cash and Deposits	2,281	2,116	△164
	Noncurrent Assets	230	217	△13
	Total Assets	2,690	2,613	△77
	Current Liabilities	580	392	△188
	Noncurrent Liabilities	47	47	+0
	Total Liabilities	628	439	△188
	Total Net Assets	2,062	2,173	+110
	Total Liabilities and Net Assets	2,690	2,613	△77
	Equity Ratio	76.7%	83.2%	+6.5pt

3 Policy for Expansion in Experiential Consumption Market



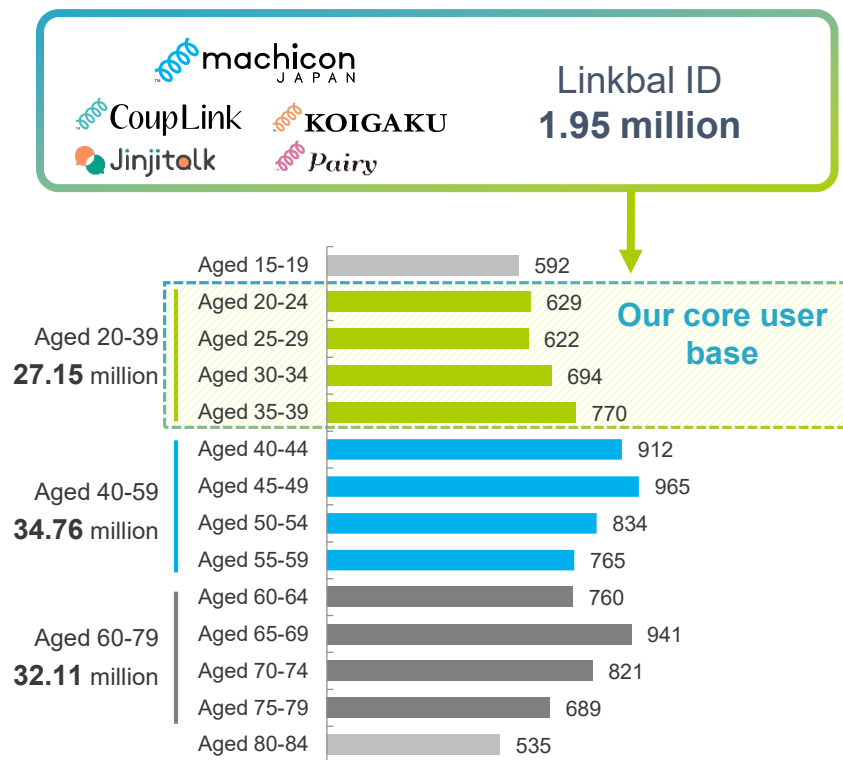
LINKBAL

- 1 Expand user base**
⇒ Expand existing user base (users in their 20s-30s) to include middle-aged users (users in their 40s and 50s).
- 2 Leverage member base**
⇒ Turn our member base, which now exceeds 1.95 million members, into experiential consumers .
- 3 Launch new services**
⇒ Branch out into new businesses in the experiential consumption domain through in-house development, M&A, collaboration, etc.

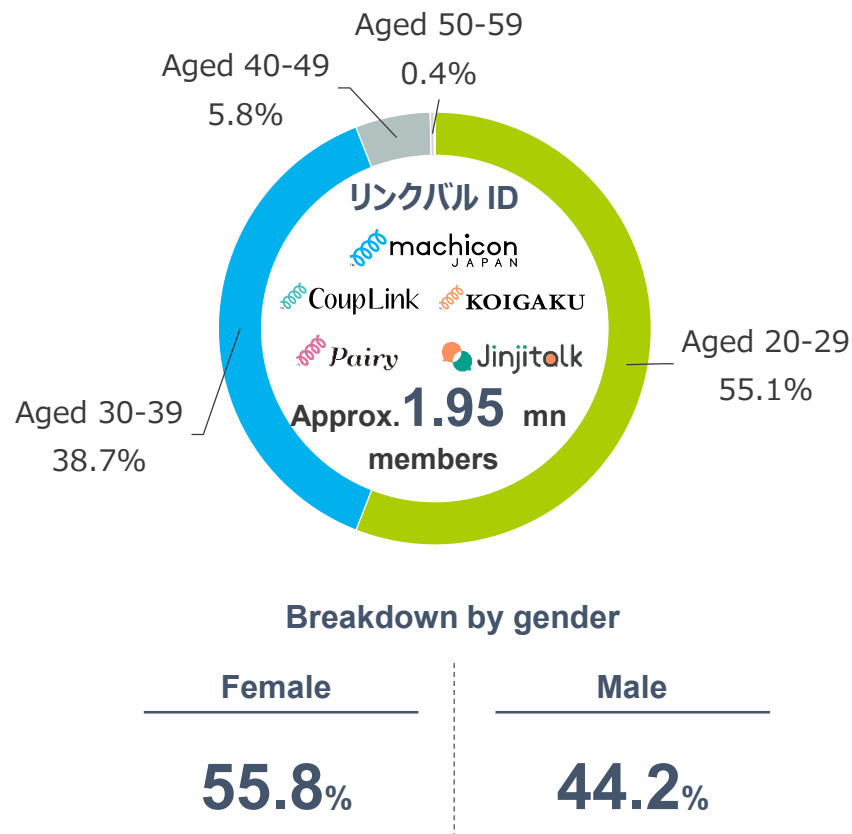
Policy for Expansion in Experiential Consumption Market ~ Expand User Base

We boast more than 1.95 million Linkbal ID members
(consisting mainly of users in their 20s and 30s).

Our Market Presence in terms of Total Population



Member base consisting mainly of members in their 20s and 30s

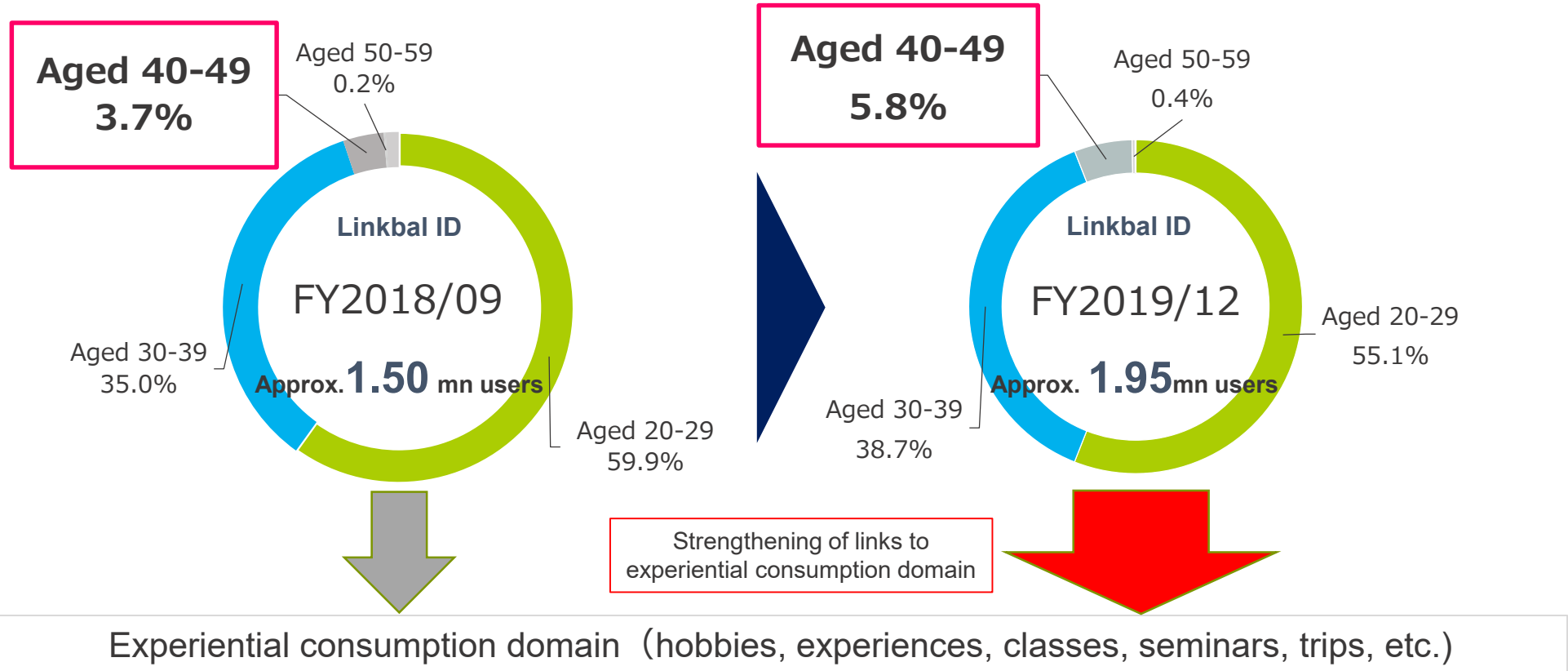


Source: Population Estimates September 2018 published by Statistics Bureau, Ministry of Internal Affairs and Communications,

Policy for Expansion in Experiential Consumption Market

Expand User Base

Our user base expanded through enhancement of events for middle-aged users.



During the 15 months until December 2019, users in their 40s and 50s increased by approximately **60,000**.

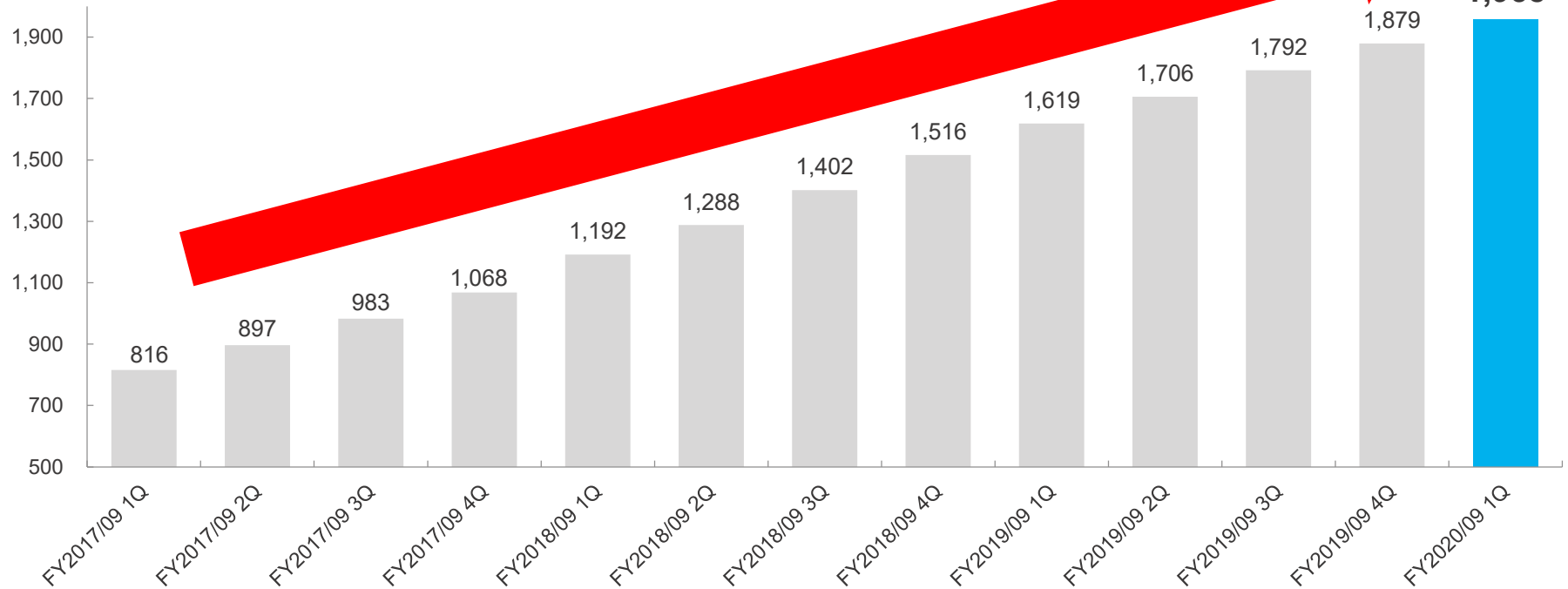
Policy for Expansion in Experiential Consumption Market

Expand User Base

With 1.95 million members and more than 240,000 events listings per year, machicon JAPAN is one of Japan's largest experiential consumer e-commerce websites. The website features a wide range of content for users in search of new experiences, new friends or love.

Trend of Linkbal ID

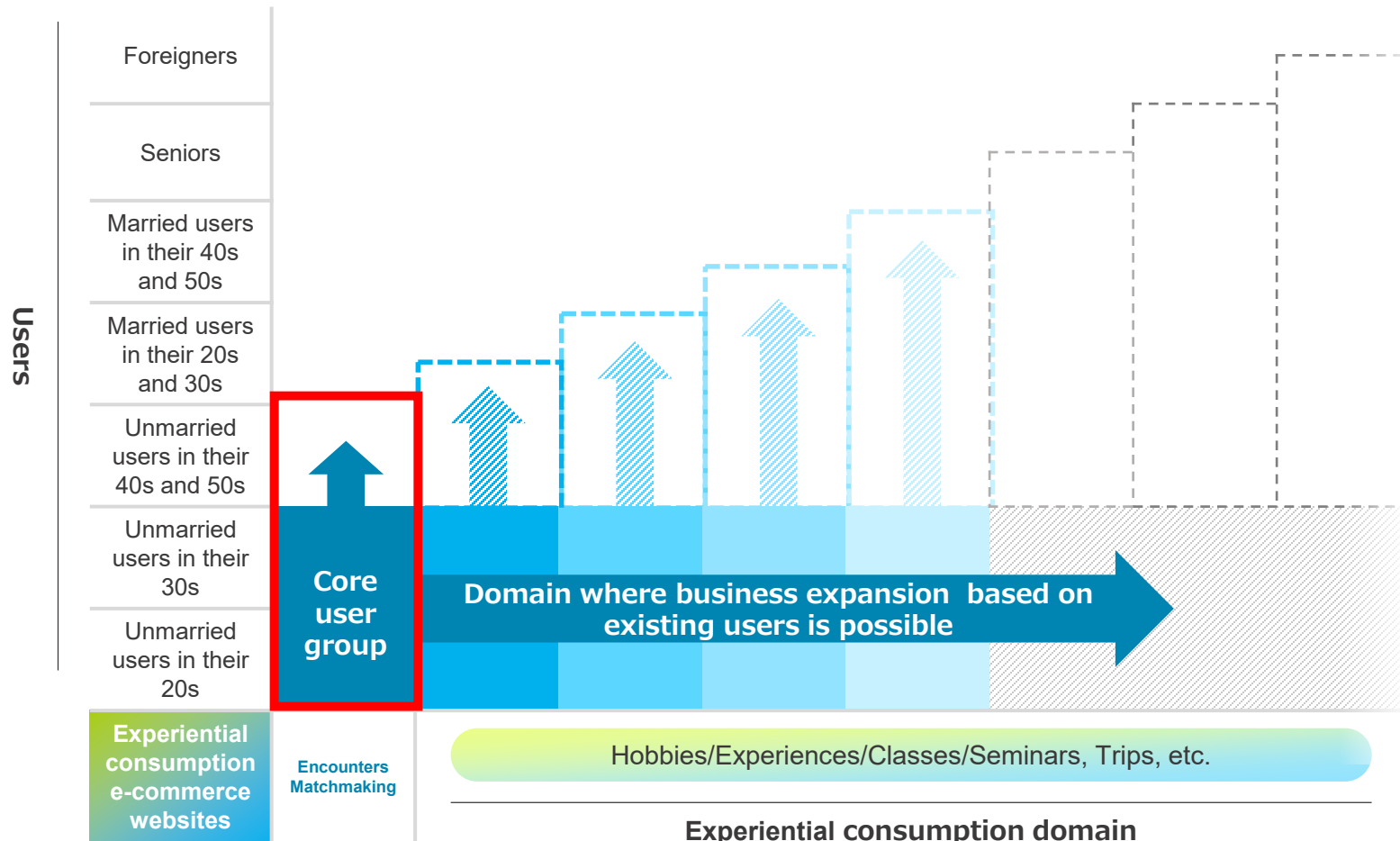
(Thousands of members)



Note: Data from FY2018/09 3Q indicates machicon JAPAN members.

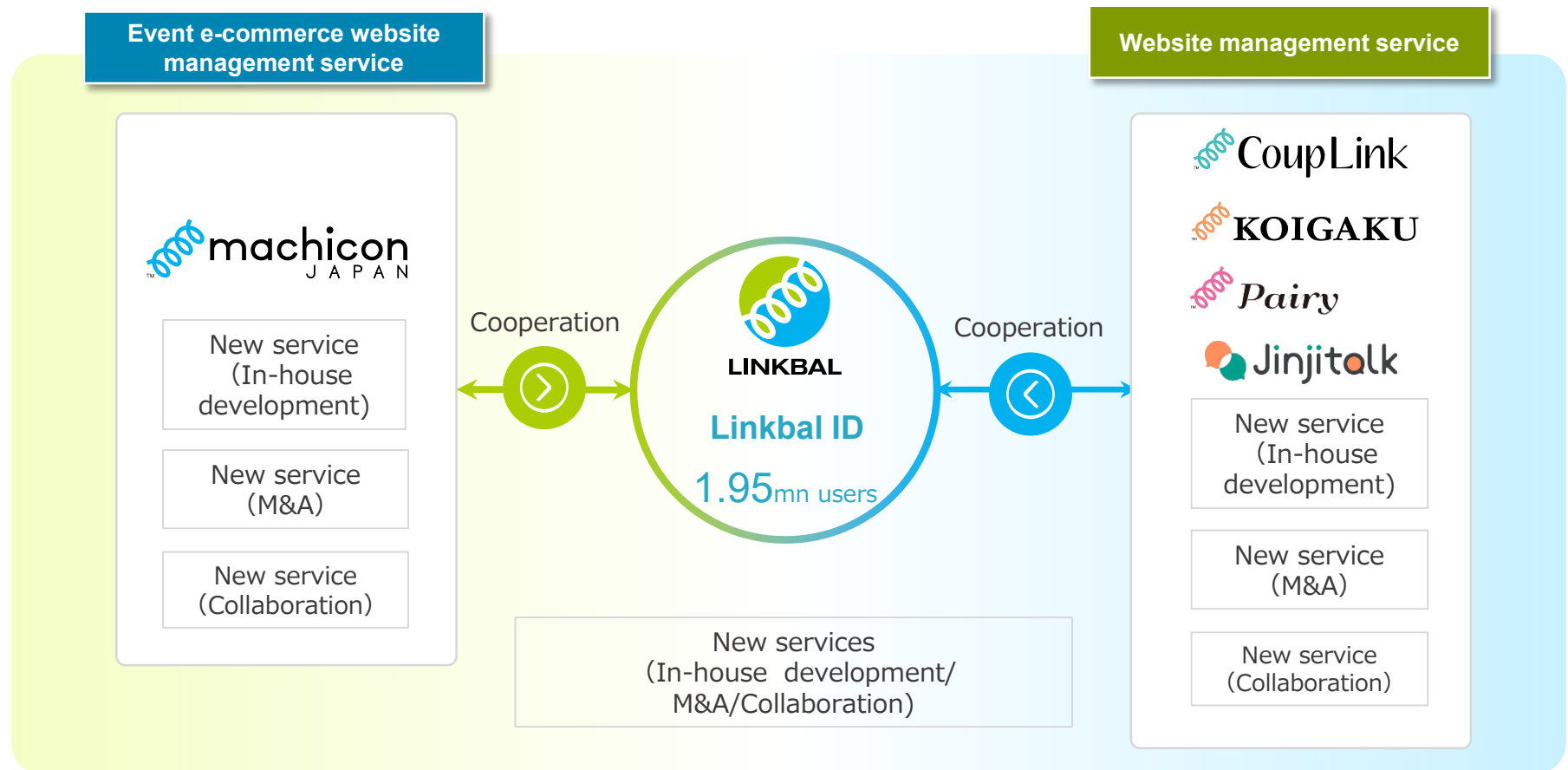
Policy for Expansion in Experiential Consumption Market – Leverage Member Base

We can leverage our member base of existing users plus middle-aged users (in their 40 and 50s) to branch out/expand into the experiential consumption category.



Policy for Expansion in Experiential Consumption Market – Launch New Services

We will actively expand new services that can be expected to generate synergy with existing services through in-house-development, M&A, collaboration, etc. We established the New Business Planning Office on October 1, 2019.



4 Company Profile



Who Are We?

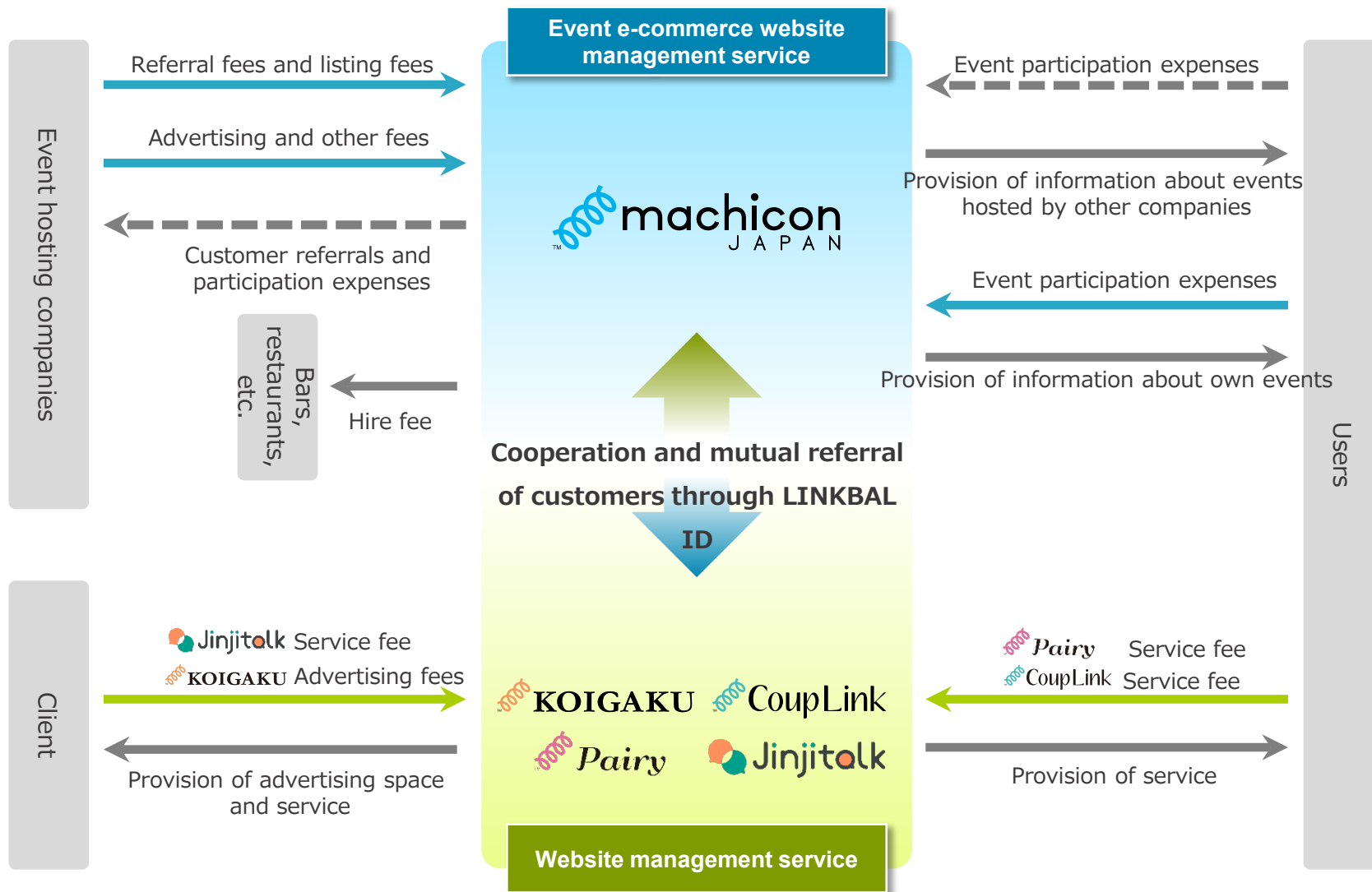


Mission

Connect the world.

Mission Statement

Pursuing customer satisfaction and corporate growth by creating new value based on ideas and technologies.



Event E-commerce Website Management Service

With 1.95 million members and more than 240,000 events listings per year, machicon JAPAN is one of Japan's largest experiential consumer e-commerce websites. The website features a wide range of content for users in search of new experiences, new friends or love.

Experiential consumption e-commerce website "machicon JAPAN"



【Outline and features】

- Features information about more than 240,000 events per year being hosted all over Japan (one of largest websites of its kind in Japan)
- Members consist mainly of users in their 20s and 30s (Linkbal ID*1)
- Growing range of contents

Making friends

Experiences

Professional
networking

Face-to-face
meetings

Self-improvement

Looking for love
or marriage

.etc

*1 : LinkbalID is the name of a user ID that can use "machiconJAPAN", "CoupLink", "KOIGAKU", "Paity", "Jinjitalk"

Through the referral of customers between our website management service and “machicon Japan”, we are tapping into potential customers and building a revenue base in domains surrounding our existing services.

Online dating app “CoupLink”



Japan's first dating application to match event participants online



- Provides an online matchmaking service for users looking for love and marriage
- Free membership registration (Linkbal ID*1)
- Subscription-based model

【Features】

- App is used by actual event participants, giving users a greater sense of safety and peace of mind
- Event participants can exchange messages via the app

Media app specializing in love “KOIGAKU”

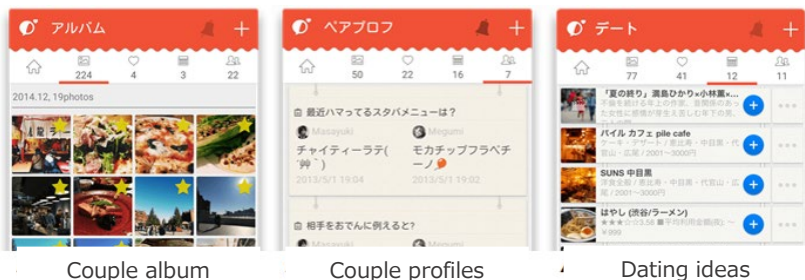


- Provides articles and various other contents to help women struggling to find love
- Free membership registration (Linkbal ID*1)
- Generates advertising revenue

* 1 Linkbal ID is the name of a user ID that can use "machiconJAPAN", "CoupLink", "KOIGAKU", "Paiky", "Jinjitalk"

Through the referral of customers between our website management service and “machicon Japan”, we are tapping into potential customers and building a revenue base in domains surrounding our existing services.

Couple-only app “Pairy”



App couples can use to share plans and memories



- Provides online information sharing service for couples
- Free membership registration (Linkbal ID*1)
- Subscription-based model

Student job opportunity app “Jinjitalk”



App that helps bring together job-seeking students and job-offering companies or recruiters

- Offers information on a wide range of opportunities including graduate jobs, short-term and long-term internships and part-time jobs
- Free membership registration for students (Linkbal ID*1)
- Generates revenue from registered companies

*1 Linkbal ID is the name of a user ID that can use "machiconJAPAN," "CoupLink," "KOIGAKU," Pairy," "Jinjitalk"

~ Memo ~

