

Pursue growth through increasing number of marketing consultants and expanding services

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For inquiries concerning the report, please contact info@stock-r.org

[4196 NEO MARKETING Sector : Information & Communication]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Sep. 2019	1,132	-	20	-	19	-	8	-	3.4	66.8	0.0
Sep. 2020	1,427	26.1	173	8.7x	173	9.1x	116	14.5x	50.2	95.5	0.0
Sep. 2021 f	1,822	27.7	223	28.9	217	25.4	151	30.2	65.2	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending September 2021 are the company's forecasts.
It conducted 1-to-200 stock split on September 29, 2020 and 1-to-2 stock split on March 2 2021.
Per share indices are adjusted retroactively.

Conducts Marketing Support Business with Consumer Goods Manufacturers as Main Customers

NEO MARKETING group conducts the marketing support business with manufacturers of foods, cosmetics, daily goods, home appliances and other consumer goods and companies providing services for consumers as its main customers, and based on the concept of marketing support originated from consumers.

The group conducts business in only one segment of the marketing support business but discloses net sales by major services (Figure 1).

Figure 1: Sales Breakdown

	Fiscal year ended Sep. 2020		Three months to Dec. 2020	
	Net sales (million yen)	Composition (%)	Net sales (million yen)	Composition (%)
Customer-driven service	658	46.1	194	46.7
Insight-driven service	390	27.3	102	24.6
Digital marketing service	65	4.6	34	8.2
Others	314	22.0	85	20.5
Total	1,427	100.0	415	100.0

Source : Prepared by Stock Research Center based on the notifiable prospectus and the notice concerning financial statement information with its listing on the TSE JASDAQ.

The company examines customers' marketing activities by dividing the activities into four processes, and provides services corresponding to each process based on its unique framework. The four processes refer to discovery of consumer insight, product development, sales promotion, and improvement of various measures.

Customer-Driven Service

In this service, the company quantitatively analyzes the results of online questionnaire surveys on members of "iResearch," a consumer panel network operated by the company, and conducts marketing originated from consumers. By analyzing the actions, thoughts, emotions, etc. of consumers from when they first acknowledge a product or a service to ultimately buying it, the service features provision of strategic planning for promotion measures to examinations after their execution.

Insight-Driven Service

By extracting the most appropriate target from iResearch, and conducting interviews as well as behavior observations on actual product use and other qualitative research, it is a service to discover subconscious insights of which the consumers themselves are not aware.

Digital Marketing Service

Listing ads, video ads and other web ads account for most of the net sales of the digital marketing services. The company launched its EC site creation support on the Shopify platform in July 2020 as an operation to support customers' D2C.

Other Services

For other services, the company conducts PR, customer success, B-to-B marketing support services, cloud sourcing, etc.

Financial Statements

Statement of income	Fiscal Year	Sep. 2019		Sep. 2020		Three month to Dec.2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		1,132	100.0	1,427	100.0	415	100.0
Cost of sales		621	54.9	719	50.4	194	46.7
Gross profit		510	45.1	707	49.5	220	53.0
Selling, general and administrative expenses		489	43.2	543	37.4	131	31.6
Operating profit		20	1.8	173	12.1	89	21.4
Non-operating income		2	-	3	-	0	-
Non-operating expenses		3	-	3	-	2	-
Ordinary profit		19	1.7	173	12.1	86	20.7
Profit before income taxes		18	1.6	173	12.1	86	20.7
Profit attributable to owners of parent		8	0.7	116	8.1	55	13.3

Balance sheet	Fiscal Year	Sep. 2019		Sep. 2020		Three month to Dec.2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		566	68.2	723	73.6	747	74.9
Cash and deposits		324	39.0	476	48.5	413	41.4
Accounts receivable-trade		186	22.4	194	19.8	248	24.9
Inventories		18	2.2	24	2.4	52	5.2
Non-current assets		264	31.8	258	26.3	250	25.1
Property, plant and equipment		19	2.3	19	1.9	18	1.8
Intangible assets		160	19.3	158	16.1	153	15.3
Investments and other assets		84	10.1	80	8.1	78	7.8
Total assets		830	100.0	982	100.0	997	100.0
Current liabilities		478	57.6	440	44.8	429	43.0
Accounts payable-trade		53	6.4	37	3.8	38	3.8
Current portion of long-term borrowings		134	16.1	142	14.5	146	14.6
Non-current liabilities		195	23.5	329	33.5	299	30.0
Long-term borrowings		193	23.3	327	33.3	298	29.9
Net assets		156	18.8	211	21.5	268	26.9
Owners' equity		156	18.8	211	21.5	268	26.9

Statement of cash flows	Fiscal Year	Sep. 2019	Sep. 2020
		(mn yen)	(mn yen)
Cash flows from operating activities		11	233
Depreciation		9	9
Amortization of goodwill		9	16
Cash flows from investing activities		-10	-156
Cash flows from financing activities		35	80
Dividends paid		-	-
Net increase in cash and cash equivalents		35	157
Cash and cash equivalents		318	476

Note: Consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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