

NET
MARKETING
CO. LTD.

Financial Results

for the Third Quarter of
the Fiscal Year Ending June 30, 2021

Net Marketing Co. Ltd.

Stock Code 6175

Contents

01	Financial Highlights for the Third Quarter of the Fiscal Year Ending June 30, 2021	P3
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02	Future Issues and Initiatives	P13
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03	Appendix	P17
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01



Financial Highlights for the Third Quarter of
the Fiscal Year Ending June 30, 2021

Financial Highlights

Year on Year —

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Company-wide sales and income decreased year on year, reflecting the termination of certain projects in the Advertising Business.

From the second quarter to the third quarter, both sales and income showed signs of recovery.

(Million yen)

	2020.6 3Q Actual	2021.6 3Q Actual	YoY (Increase/Decrease)
Net Sales	11,313	10,238	90.5% (-1,075)
Gross Profit	3,589	3,362	93.7% (-227)
Gross Profit Margin	31.7%	32.8%	
Operating Income	602	341	56.6% (-261)
Operating Income Margin	5.3%	3.3%	
Ordinary Income	613	349	57.0% (-263)
Net Income	419	235	56.2% (-183)

Third Quarter of the Fiscal Year Ending June 30, 2021

Full-year Earnings Forecast and Progress

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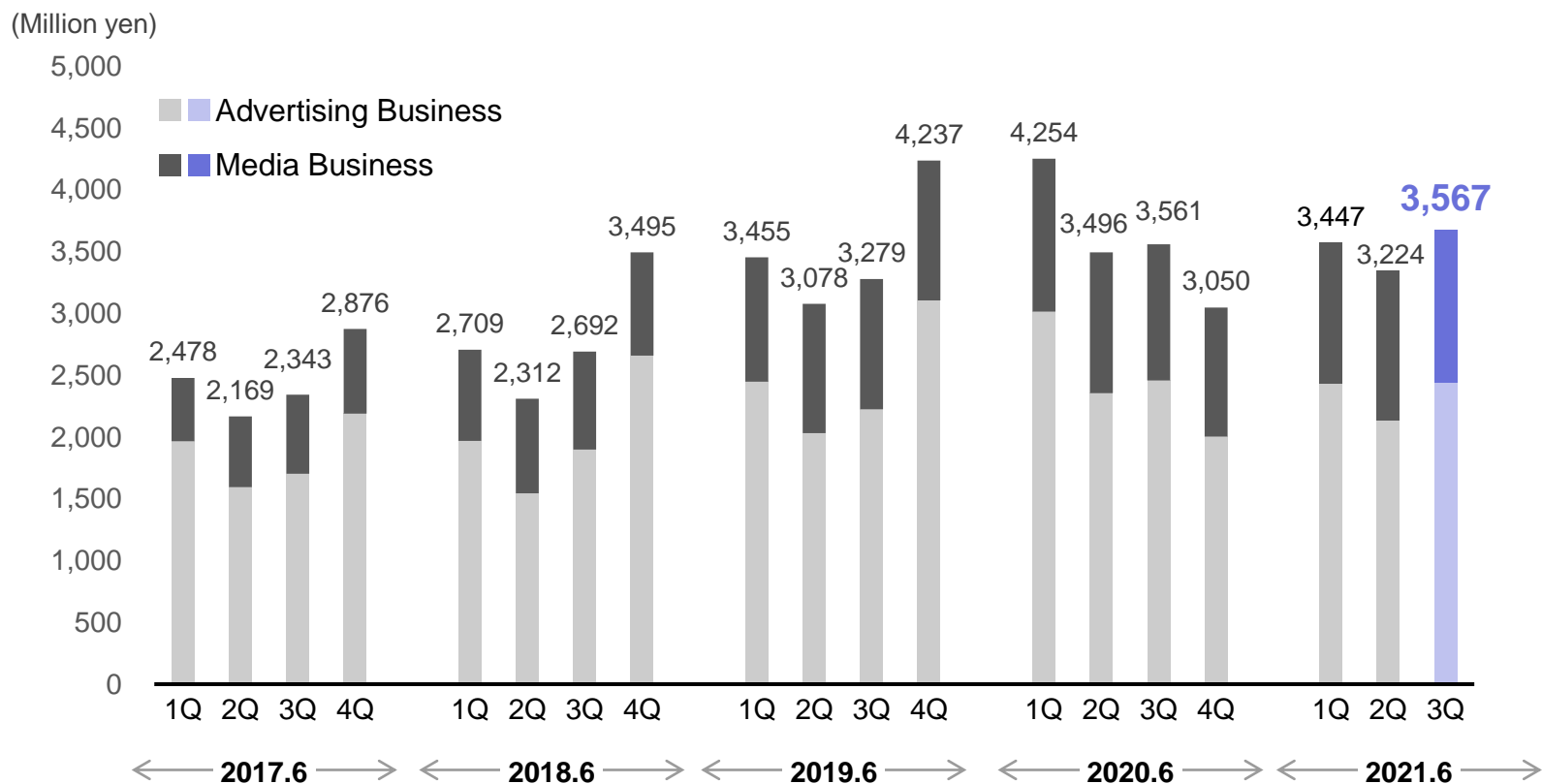
Results up to the third quarter made progress within the plan compared with the full-year earnings forecast.

(Million yen)

	2021.6 Full-year Earnings Forecast*	2021.6 3Q Actual	Progress Rate
Net Sales	14,400	10,238	71.1%
Operating Income	400	341	85.3%
Ordinary Income	400	349	87.4%
Net Income	270	235	87.4%

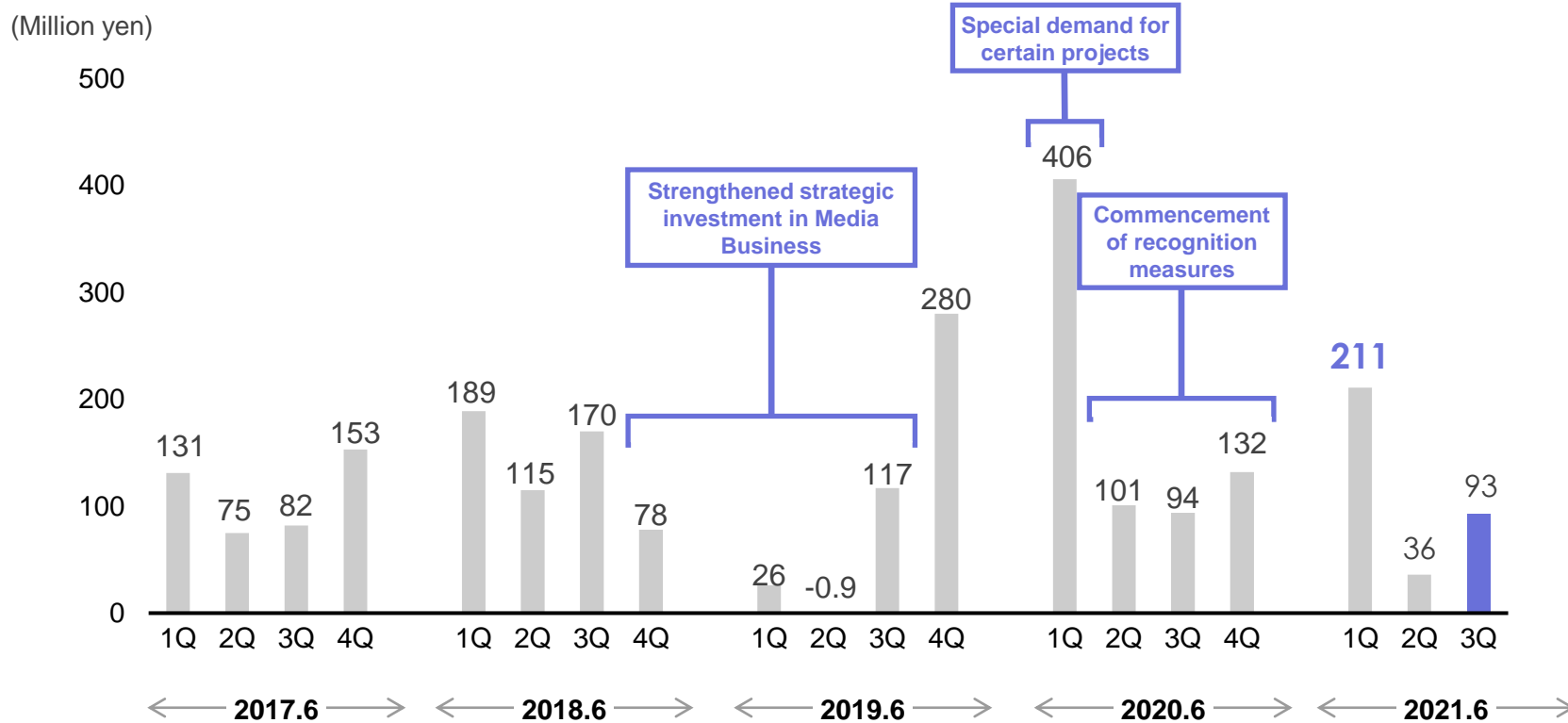
* "Notice Regarding Revision of Full-Year Earnings Forecast" was published on February 9, 2021.

Changes in Quarterly Net Sales



* 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.

Changes in Quarterly Operating Income



* 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 ended June 2019.

* Results by business are not reflected in the graph. For details, please refer to the "Summary of Business Results for the Third Quarter Ended March 31, 2021."

Media Business

Actual Results for the Third Quarter —

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The number of new members increased due to a rise in the number of natural inflows thanks to recognition measures.
Income increased year on year.

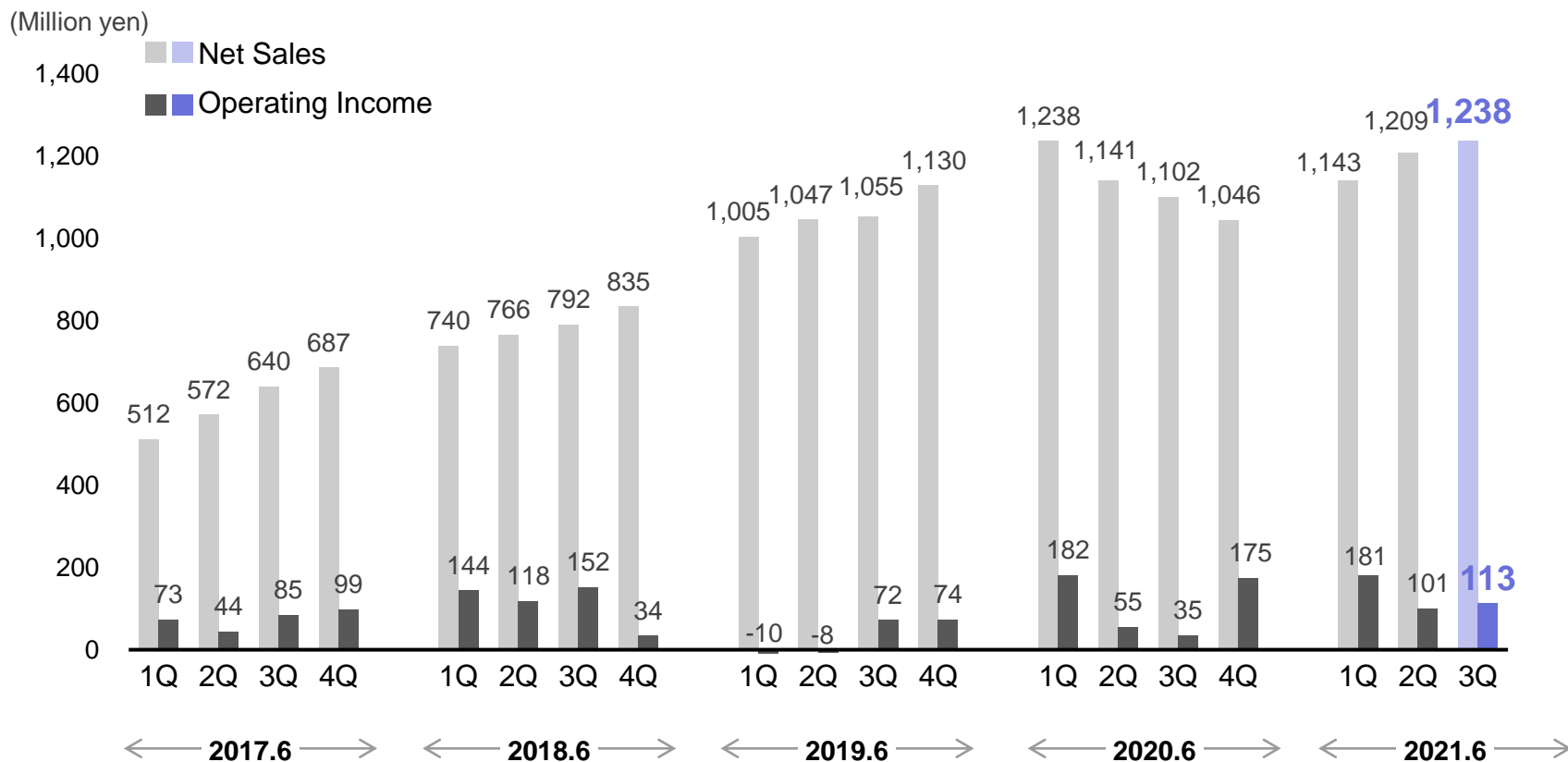
(Million yen)

	2020.6 3Q Actual	2021.6 3Q Actual	YoY
Net Sales	3,482	3,591	103.1%
Operating Income	273	396	145.1%
Operating Income Margin	7.9%	11.0%	

* Actual results include adjustments (internal sales and corporate expenses).

Media Business

Changes in Financial Results



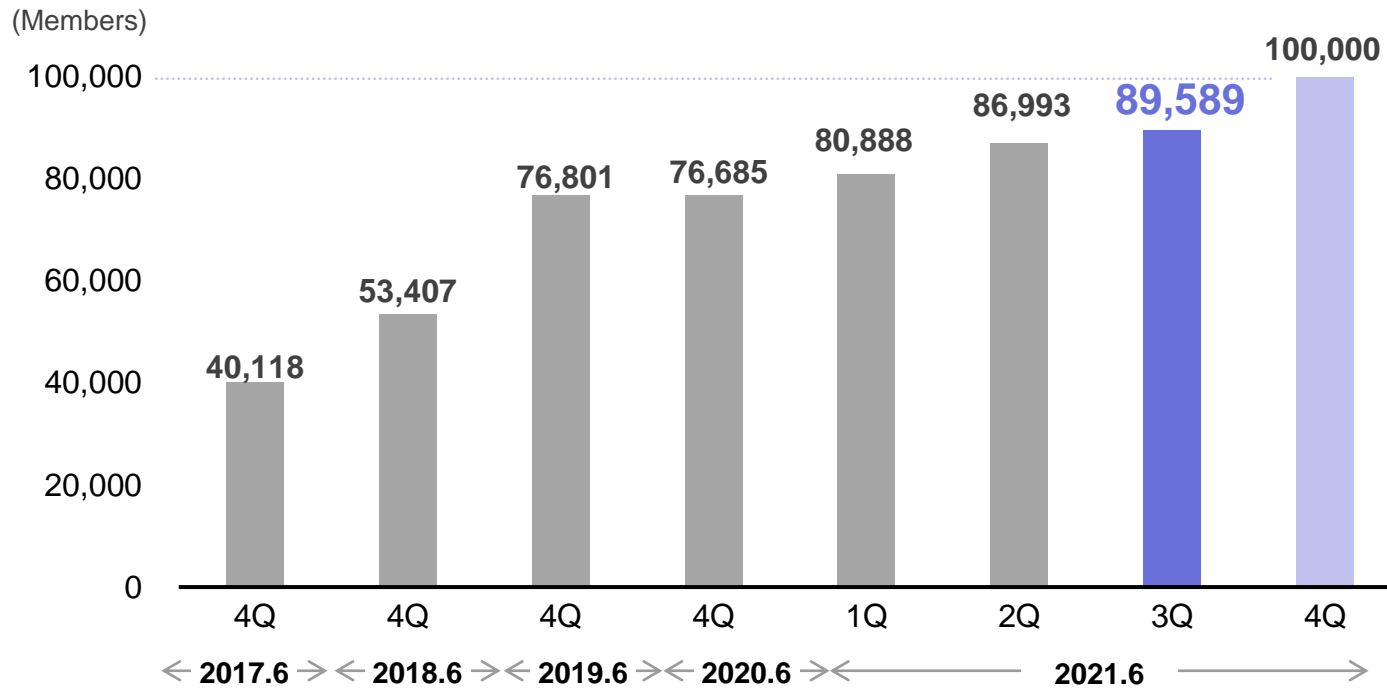
- The figures in the graph include segment adjustments.

- 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 ended June 2019.

Media Business

Number of Paying Members (Progress)

Aim to achieve 100,000 paying members by further enhancing recognition measures.



Number of paying members

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

Advertising Business

Actual Results for the Third Quarter

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Sales and income decreased year on year partly due to the termination of certain projects. On the other hand, projects in the finance category remained strong.

(Million yen)

	2020.6 3Q Actual	2021.6 3Q Actual	YoY
Net Sales	8,028	7,012	87.3%
Operating Income	778	429	55.2%
Operating Income Margin	9.7%	6.1%	

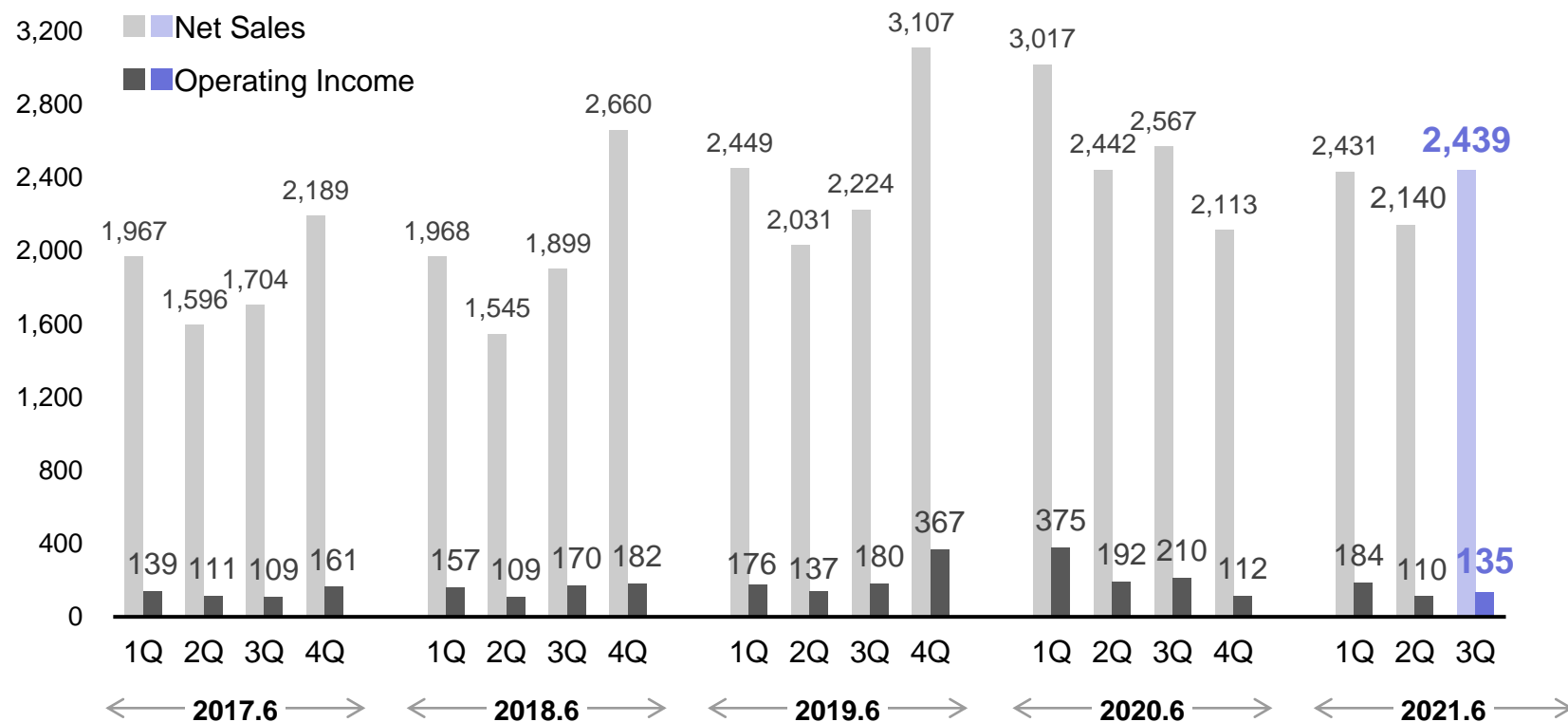
* Actual results include adjustments (internal sales and corporate expenses).

Advertising Business

Changes in Financial Results



(Million yen)



- The figures in the graph include segment adjustments.
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02

Future Issues and Initiatives



Status of the Media Business

Work to accomplish an increase in the number of members acquired by implementing initiatives that are more conscious of customer success.

Key Issue

- **Enhancing recognition and the brand power**

- **Enhancing the charge rate and LTV**



Initiatives

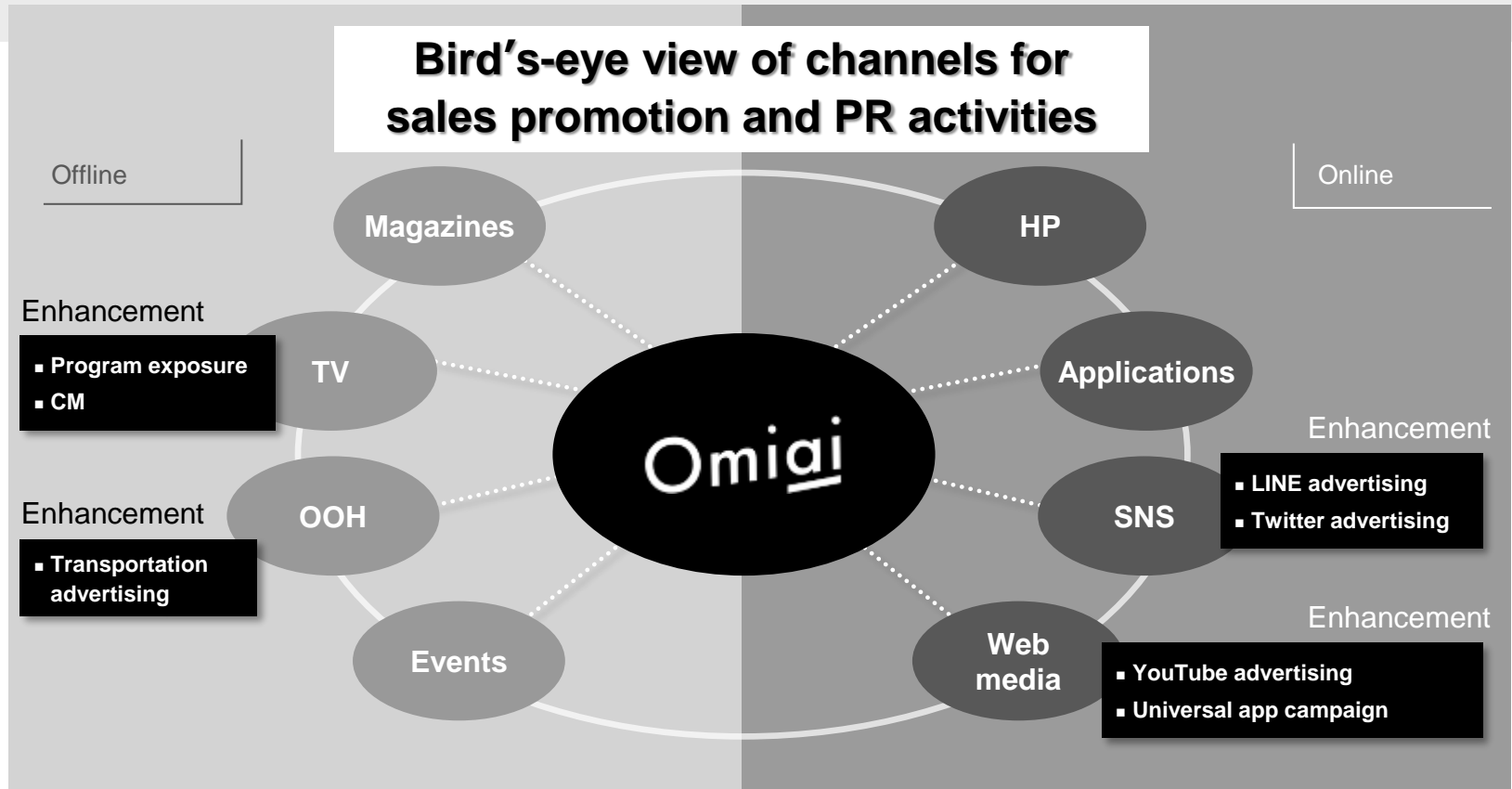
- Strengthening sales promotion activities including the expansion of advertising methods
- Strengthening PR activities including the expansion of channels

- Developing our own algorithm for meeting of men and women
- Improving UI/UX, etc.
- Improving the service quality by strengthening the CS system

Status of the Media Business

Initiatives to Increase the Market Share

Work to enhance recognition and improve advertising efficiency by increasing channels, etc.



- Universal app campaign
Campaign able to deliver advertisement on most platforms for Google advertising such as Google search, Google display network, Google Play and YouTube by registering advertising copies and assets (images, videos, texts, etc. necessary for advertising).

Status of the Advertising Business



Work to expand project categories by strengthening the development of new customers.

Key Issue

■ **Upsell existing projects**



■ **Increase new orders**



■ **Expand the advertising menus**



Initiatives

- Increase the service level, strengthening consultation and building new ad technologies
- Optimize the project portfolio
- Strengthen sales organizations to develop new customers.
- Strengthen social advertising

03



Appendix

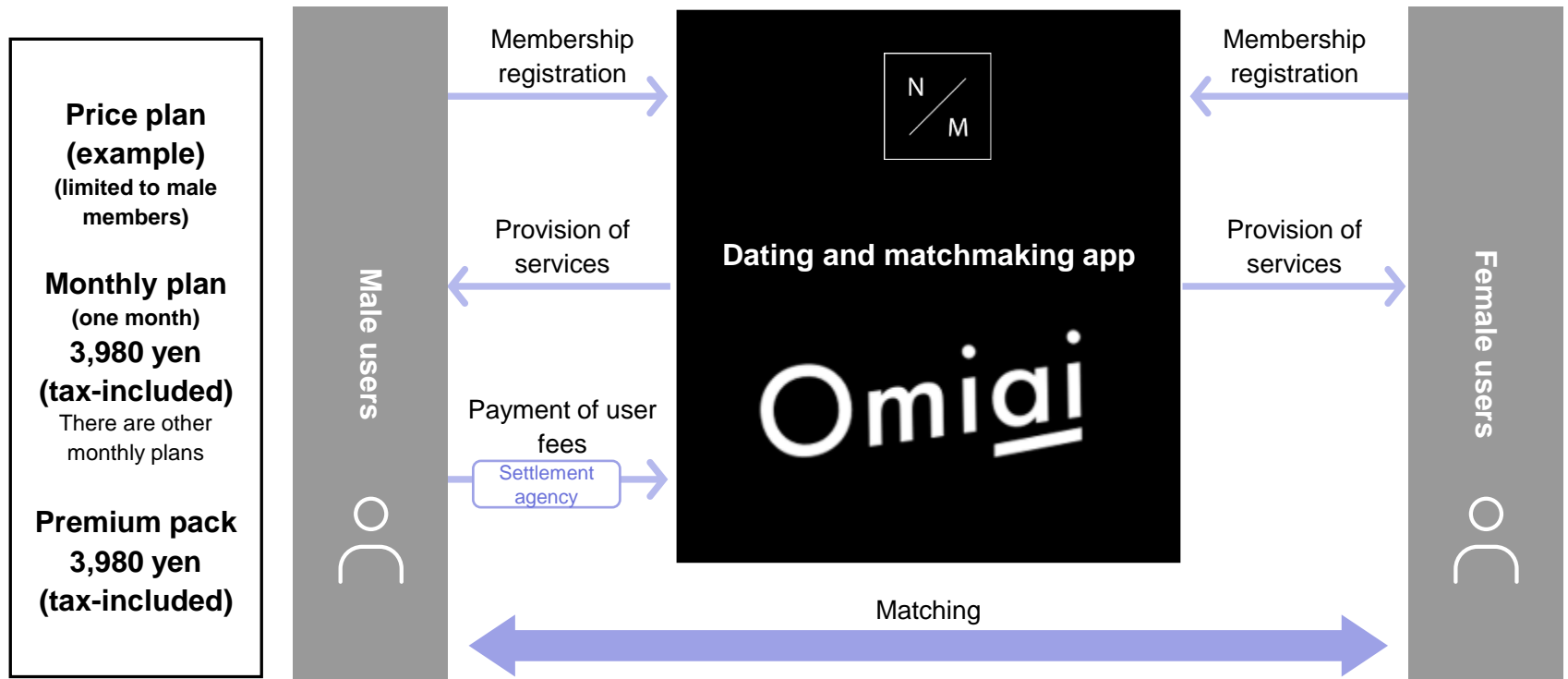
- Business Model
- Forecast for the Market Size

Business Model

Media Business

Dating and matchmaking app “Omiai”

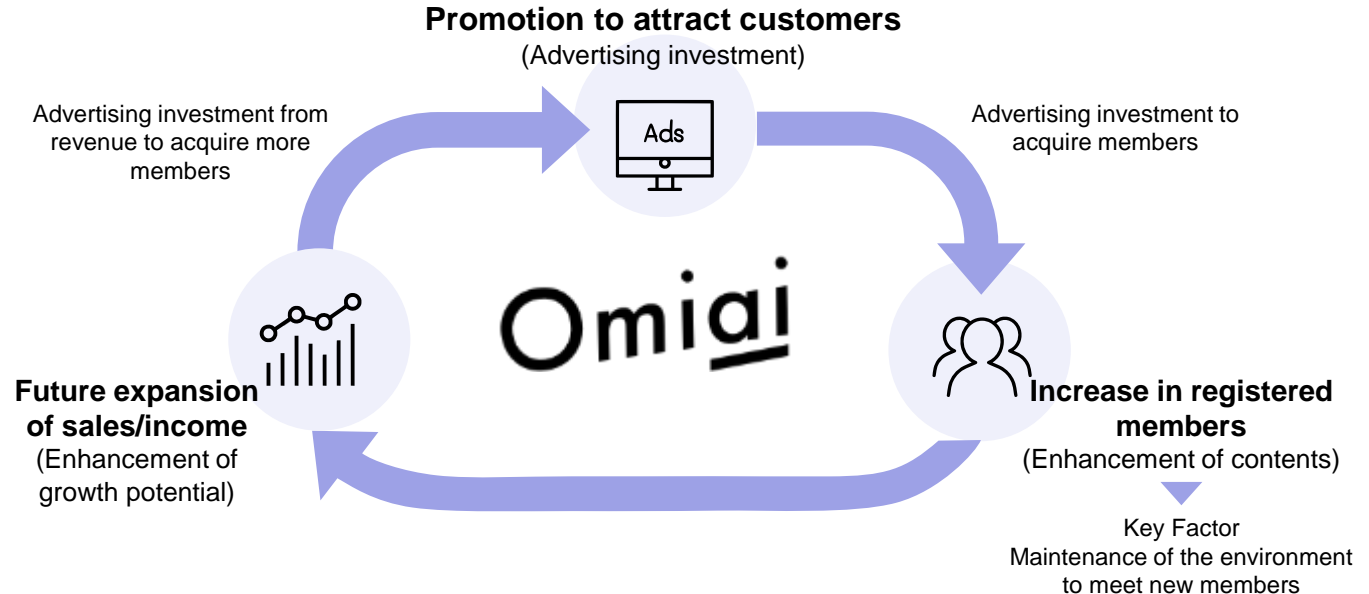
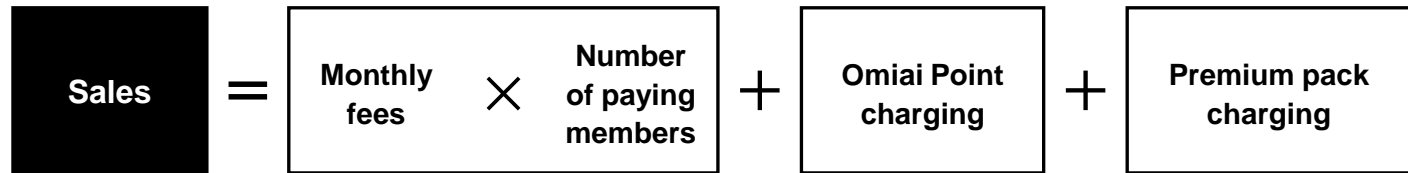
- Providing a serious meeting place with persons of the opposite sex based on service design giving consideration to safety and security.



Status of the Media Business

Key Factor —

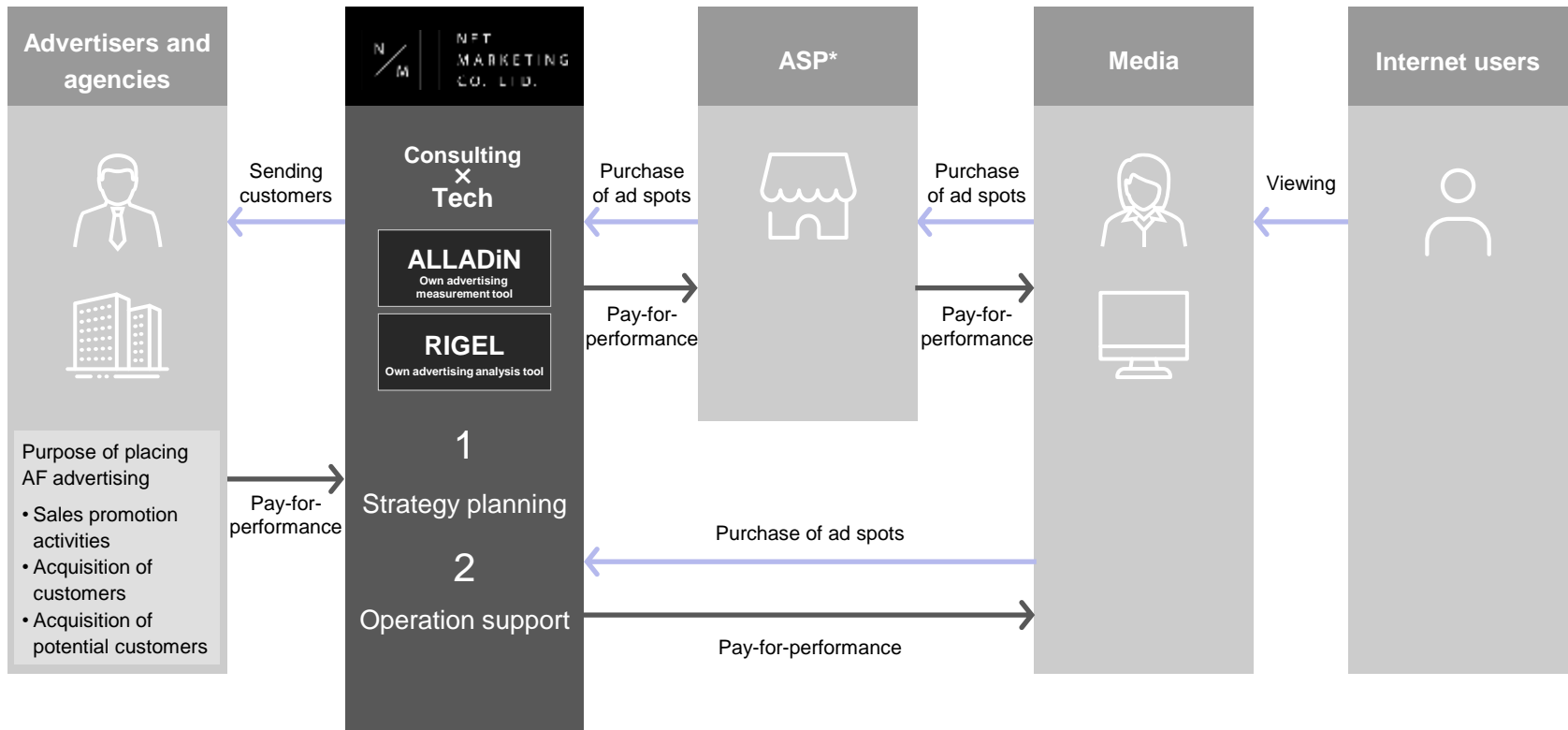
Creating a virtuous circle to attract customers is an important key to business expansion.



Business Model

Affiliate advertising consulting

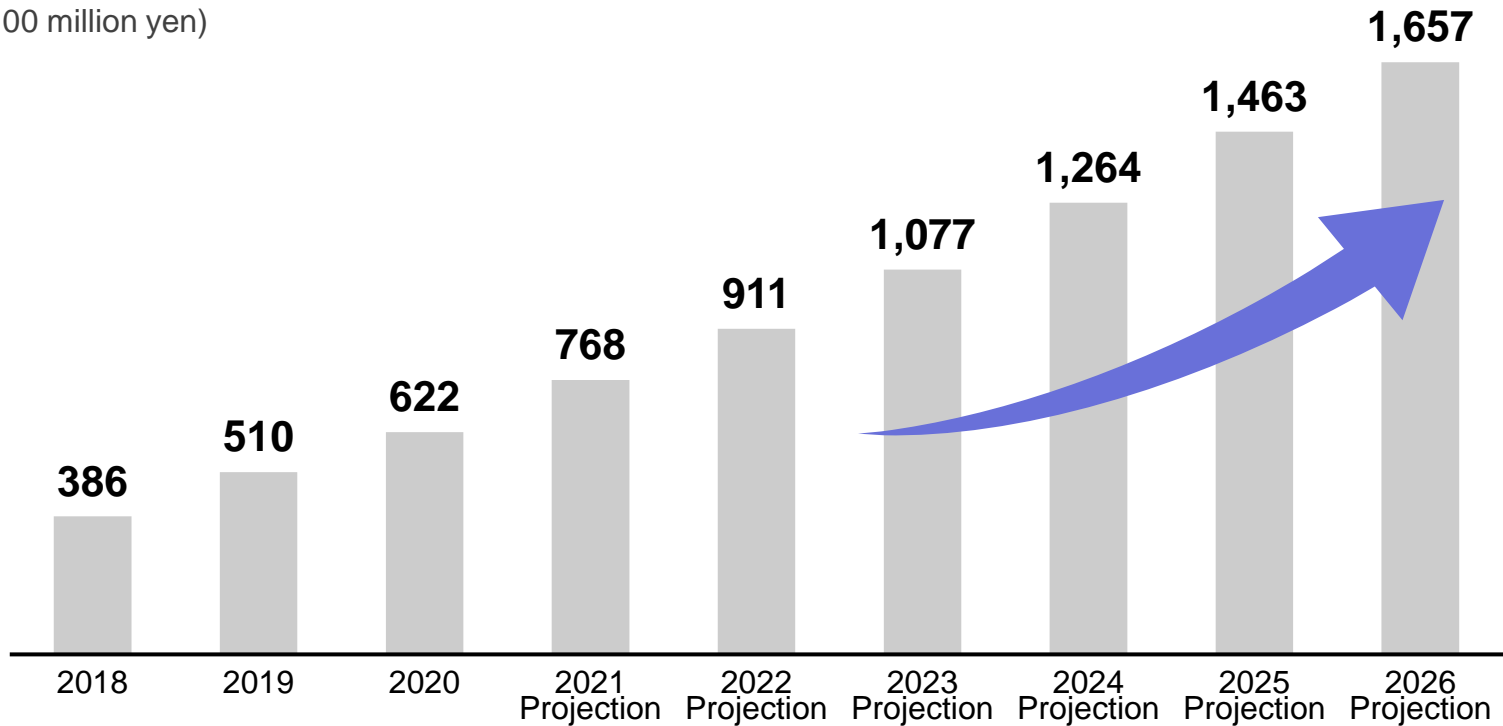
- Provide services to maximize advertising effectiveness by “Consulting x Tech.”



* ASP: This stands for an Affiliate Service Provider which is an affiliate advertising delivery company.

[Reference] Forecast for the Love and Marriage Matching Market Size

(100 million yen)

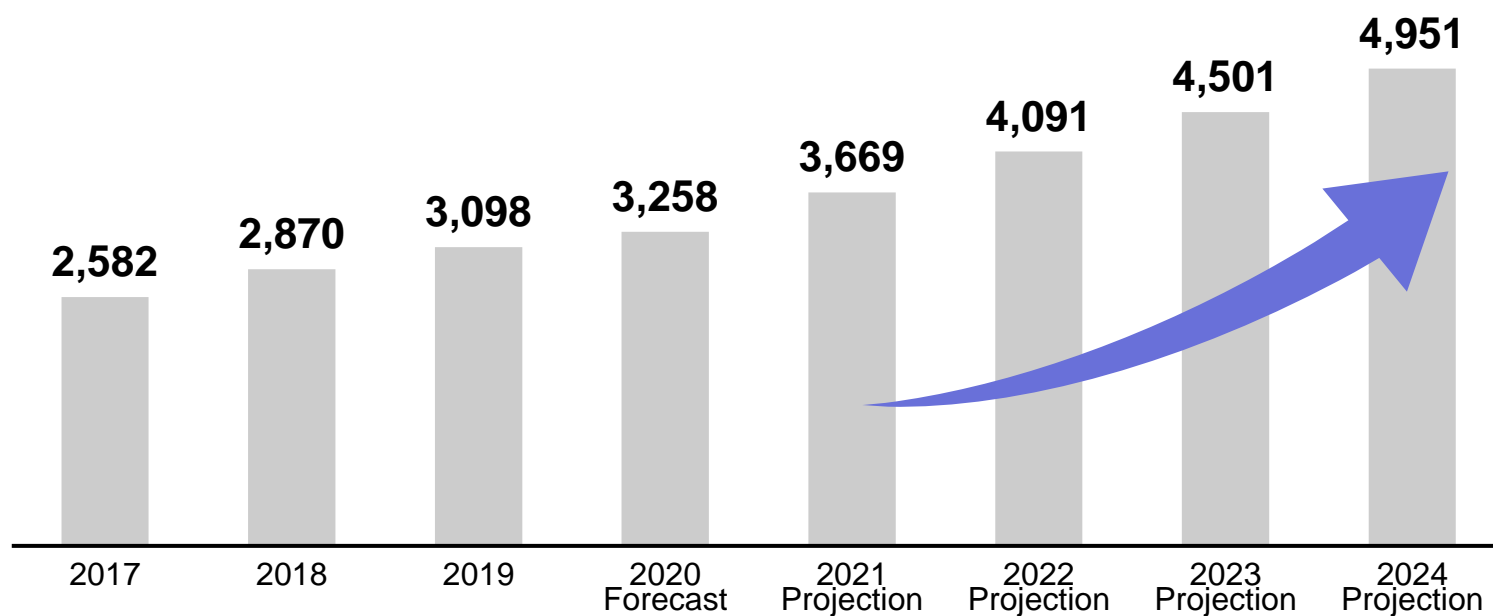


Love and marriage matching market

Source: MatchingAgent, Inc./digitalinfact Graph prepared by the Company based on figures in the Domestic Online Love and Marriage Matching Service Market Projection for 2018-2026

[Reference] Forecast for the Affiliate Advertising Market Size

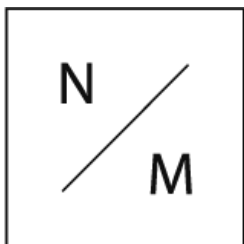
(100 million yen)



Affiliate advertising market

Source: "Trends in and Outlook for the Affiliate Marketing Market 2021". Graph created by the Company based on figures announced on January 29, 2021

Note: Estimate for FY2020 and predictions for FY2021 and beyond as of December 31, 2020. The market size was calculated by adding the rewards for results from affiliate advertising, fees and various expenses.



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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.