NET
MARKETING
CO. LTD.

Financial Results

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

Net Marketing Co. Ltd.

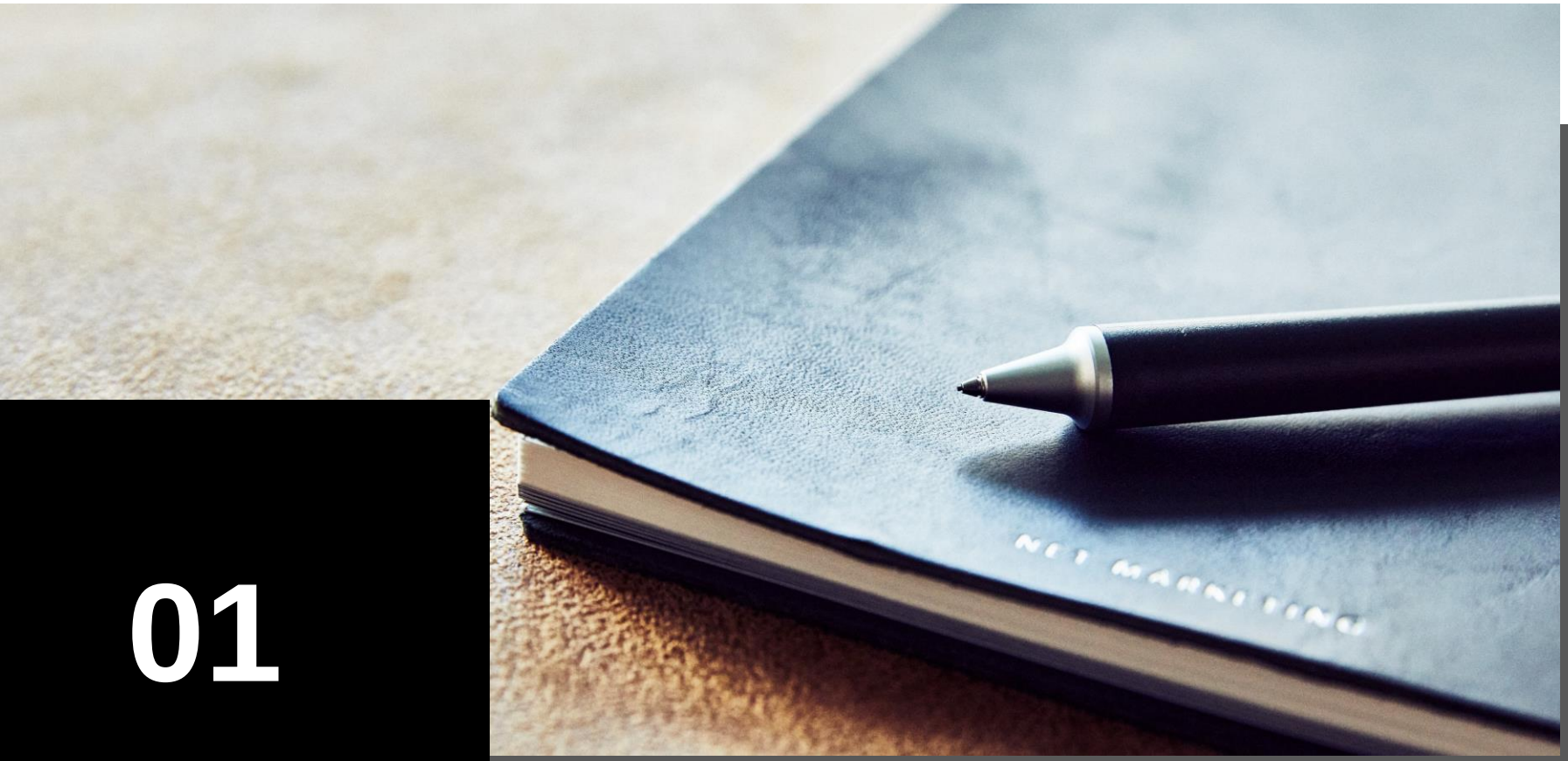
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01

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

Financial Highlights

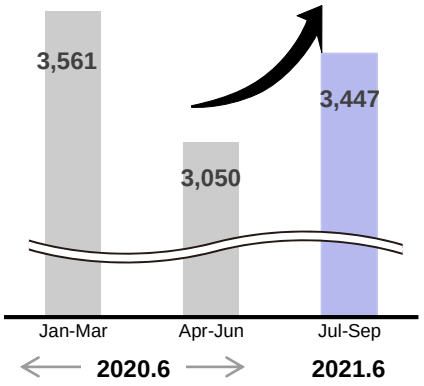
Quarter on Quarter

NET MARKETING CO. LTD.

Sales and income increased quarter on quarter with the recovery from the COVID-19 coronavirus.

(Million yen)

	2020.6 4Q Actual	2021.6 1Q Actual	QoQ (Increase/Decrease)
Net Sales	3,050	**3,447**	**113.0%** (+397)
Gross Profit	980	**1,061**	**108.3%** (+81)
Gross Profit Margin	32.1%	**30.8%**	
Operating Income	132	**211**	**159.3%** (+78)
Operating Income Margin	4.3%	**6.1%**	
Ordinary Income	134	**219**	**163.7%** (+85)
Net Income	90	**150**	**166.3%** (+59)



Changes in Quarterly Net Sales

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Financial Highlights

Year on Year

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In 1Q of the current fiscal year, financial results recovered from COVID-19, although sales and income declined year on year due to special demand in the Advertising Business in 1Q of the previous fiscal year.

(Million yen)

	2020.6 1Q Actual	2021.6 1Q Actual	YoY (Increase/Decrease)
Net Sales	4,254	**3,447**	**81.0%** (-807)
Gross Profit	1,385	**1,061**	**76.6%** (-323)
Gross Profit Margin	32.6%	**30.8%**	
Operating Income	406	**211**	**52.0%** (-195)
Operating Income Margin	9.6%	**6.1%**	
Ordinary Income	410	**219**	**53.5%** (-190)
Net Income	282	**150**	**53.2%** (-132)

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Fiscal Year Ending June 30, 2021

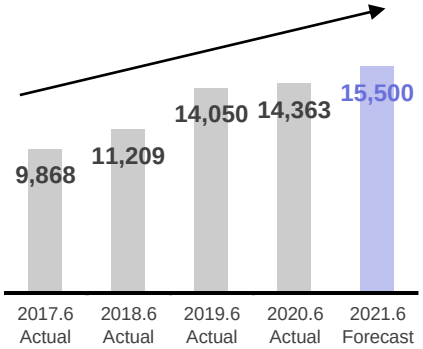
Full-year Earnings Forecast and Progress

NET MARKETING CO. LTD.

Compared with the forecast for higher sales for the fifth consecutive year since the listing, both sales and income progressed smoothly in 1Q of the current fiscal year.

(Million yen)

	2021.6 Full-year earnings forecast	2021.6 1Q Actual	Progress Rate
Net Sales	15,500	**3,447**	**22.2%**
Operating Income	500 ~800	**211**	**26.4% ~42.2%**
Ordinary Income	500 ~800	**219**	**27.4% ~43.9%**
Net Income	340 ~550	**150**	**27.3% ~44.2%**



Reference: Changes in net sales by fiscal year

Income will change depending on whether TV commercials are broadcast.

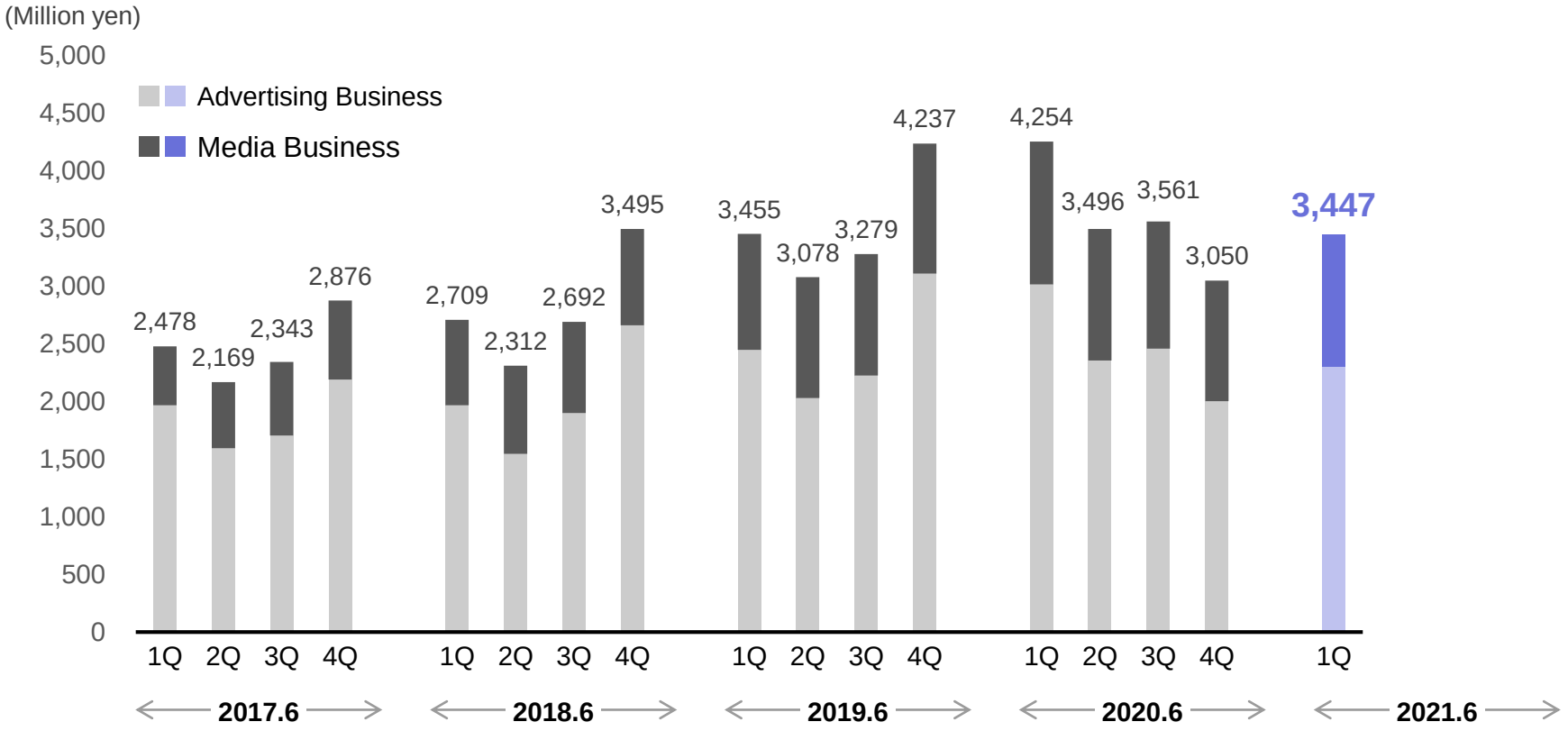
* Net sales do not factor in the effect of TV commercials.

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Changes in Quarterly Net Sales

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Net sales recovered in 1Q of the current fiscal year compared with 4Q of the previous fiscal year when net sales declined significantly due to COVID-19.



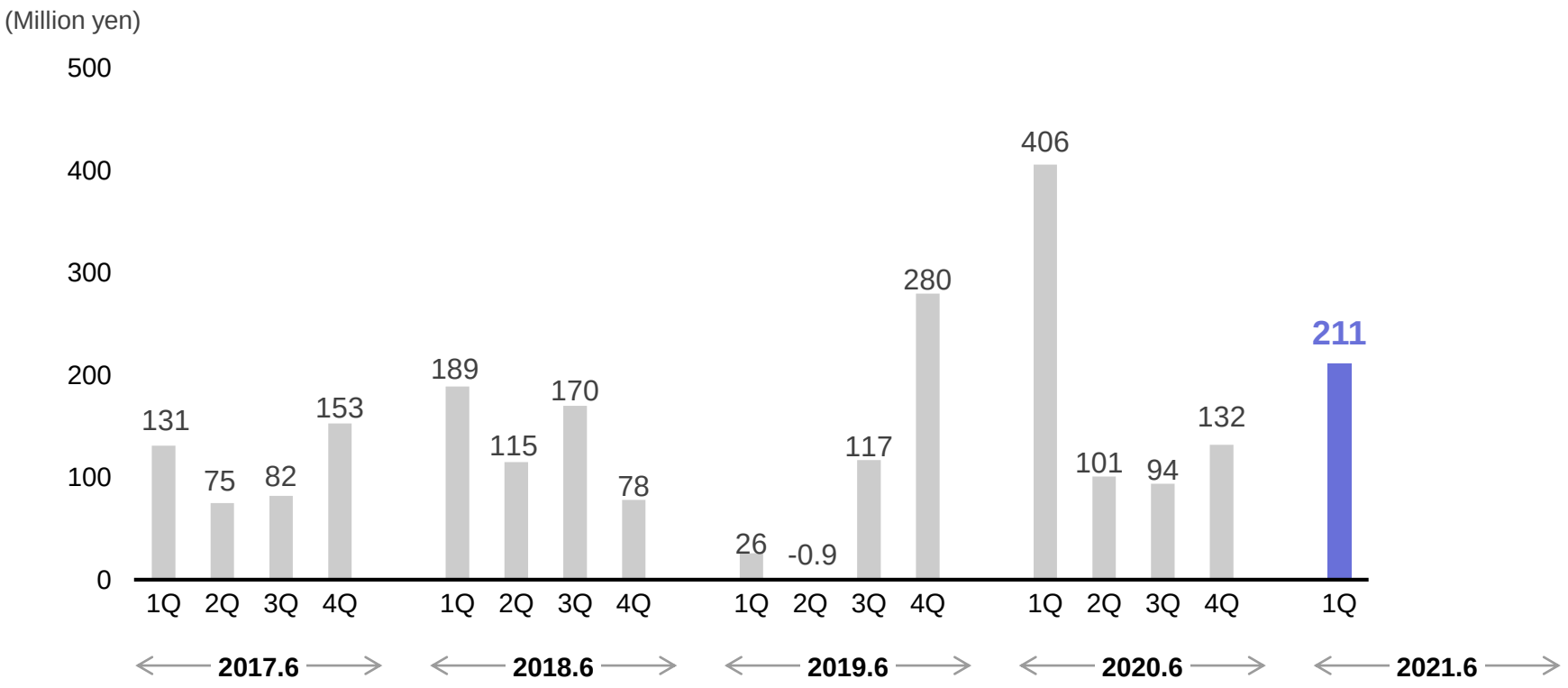
* Although we announced the consolidated financial results in the fiscal year ended June 2017 and 2018, this report contains non-consolidated results because we have changed to non-consolidated financial settlement from the fiscal year ending June 2019.

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Changes in Quarterly Operating Income

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Operating income also recovered in 1Q of the current fiscal year thanks to various measures although operating income was affected by the COVID-19 in 4Q of the previous fiscal year.



* 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.

* Values in the graph do not state the breakdown by business. For details, please refer to the “Summary of Non-consolidated Financial Results for the First Quarter Ended September 30, 2020.”

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Media Business

Actual Results for the First Quarter

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Efforts to improve lifetime value and efficiency of customer acquisition are continuing.

(Million yen)

	2020.6 1Q Actual	2021.6 1Q Actual	YoY
Net Sales	1,238	**1,143**	**92.4%**
Operating Income	182	**181**	**99.6%**
Operating Income Margin	14.7%	**15.9%**	

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

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Advertising Business

Actual Results for the First Quarter

NET MARKETING CO. LTD.

In 1Q of the current fiscal year, sales and income declined due to special demand in the Advertising Business in 1Q of the previous fiscal year.

(Million yen)

	2020.6 1Q Actual	2021.6 1Q Actual	YoY
Net Sales	3,017	**2,431**	**80.6%**
Operating Income	375	**184**	**49.1%**
Operating Income Margin	12.4%	**7.6%**	

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

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02

Status of Business in the First Quarter of the Fiscal Year Ending June 30, 2021



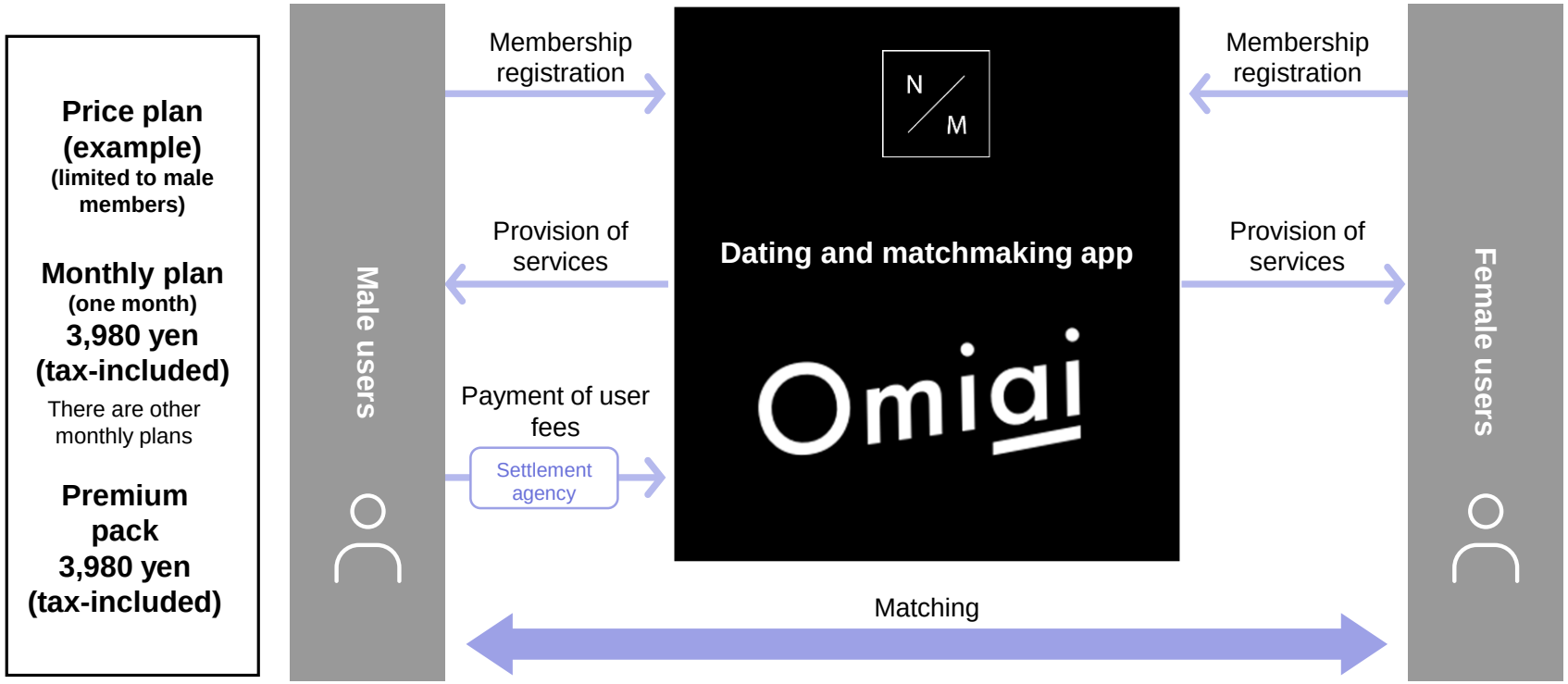
Media Business

Business Model

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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.



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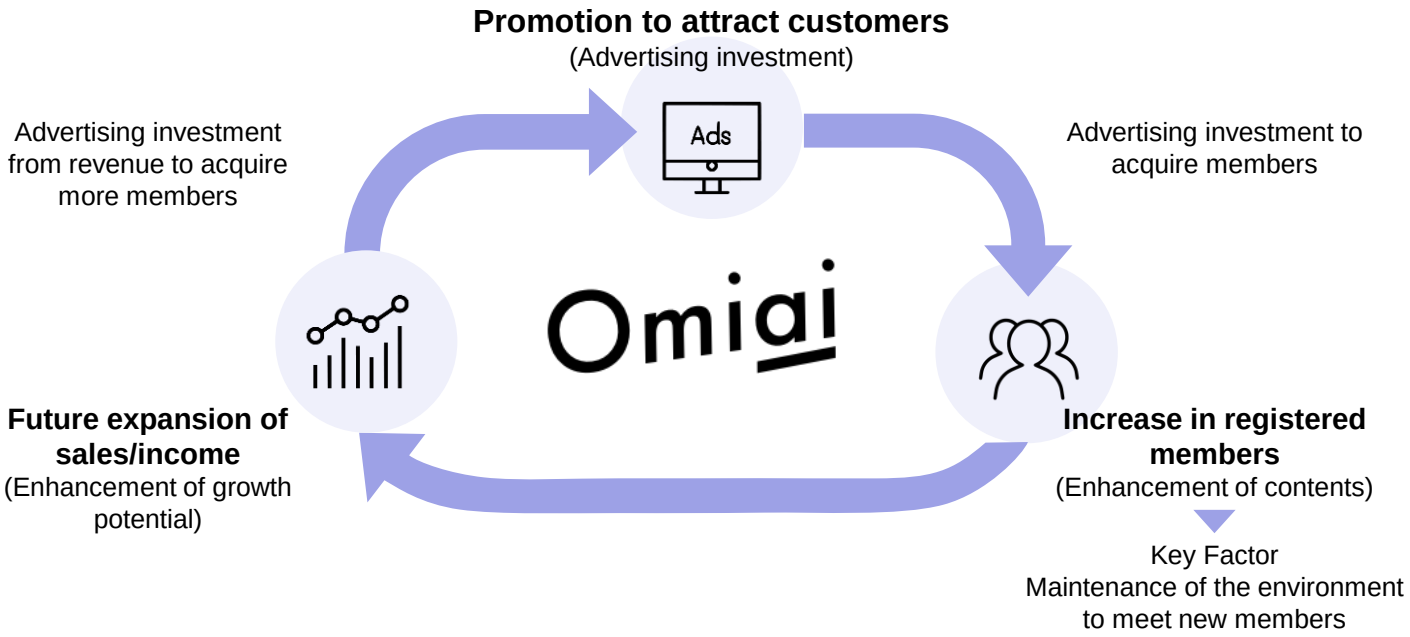
Media Business

Key Factor

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

Sales = **Monthly fees** × **Number of paying members** + **Omiai Point charging** + **Premium pack charging**



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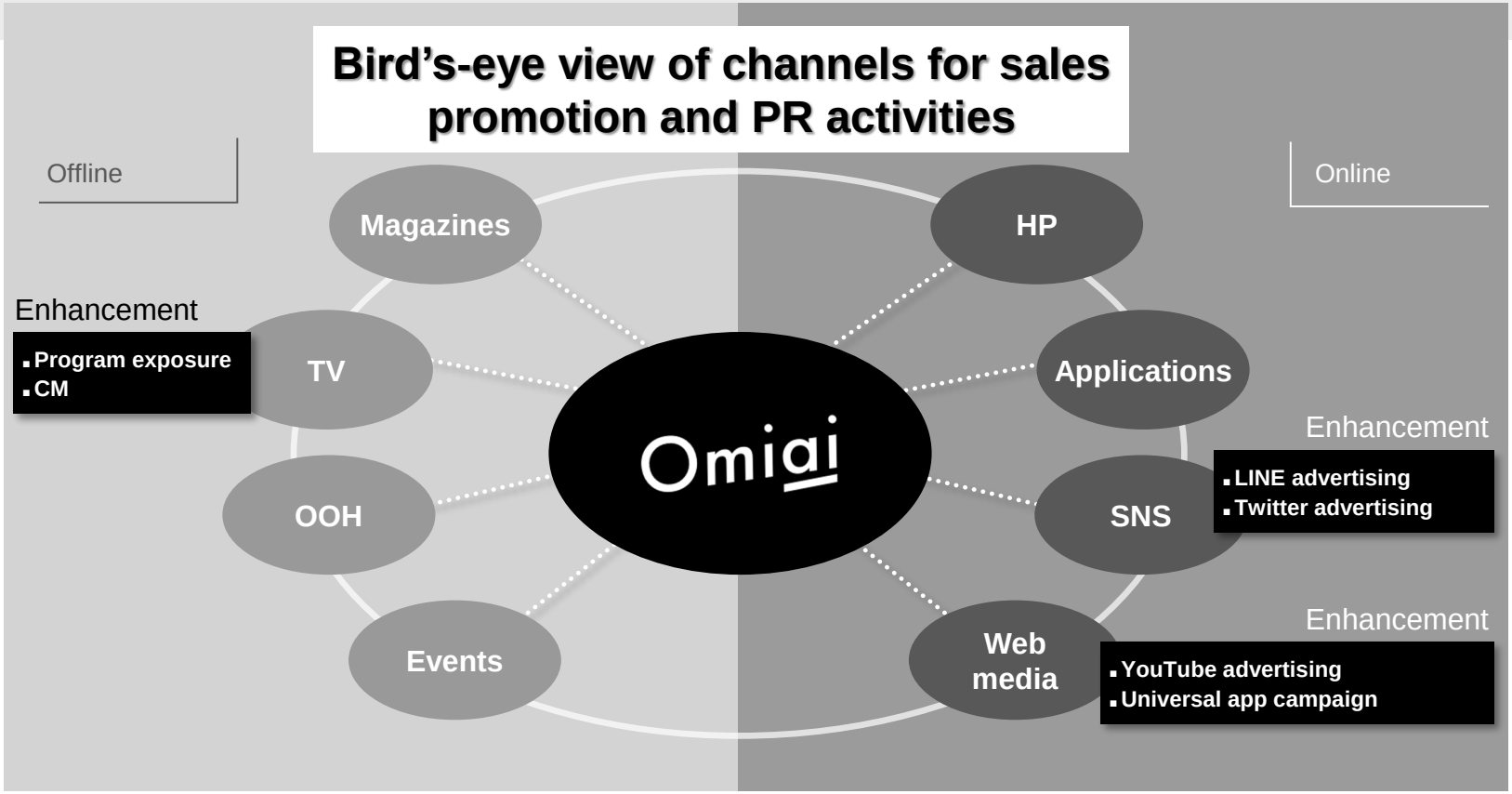
Media Business

Initiatives to Increase the Market Share

NET MARKETING CO. LTD.

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

Bird's-eye view of channels for sales promotion and PR activities



* 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).

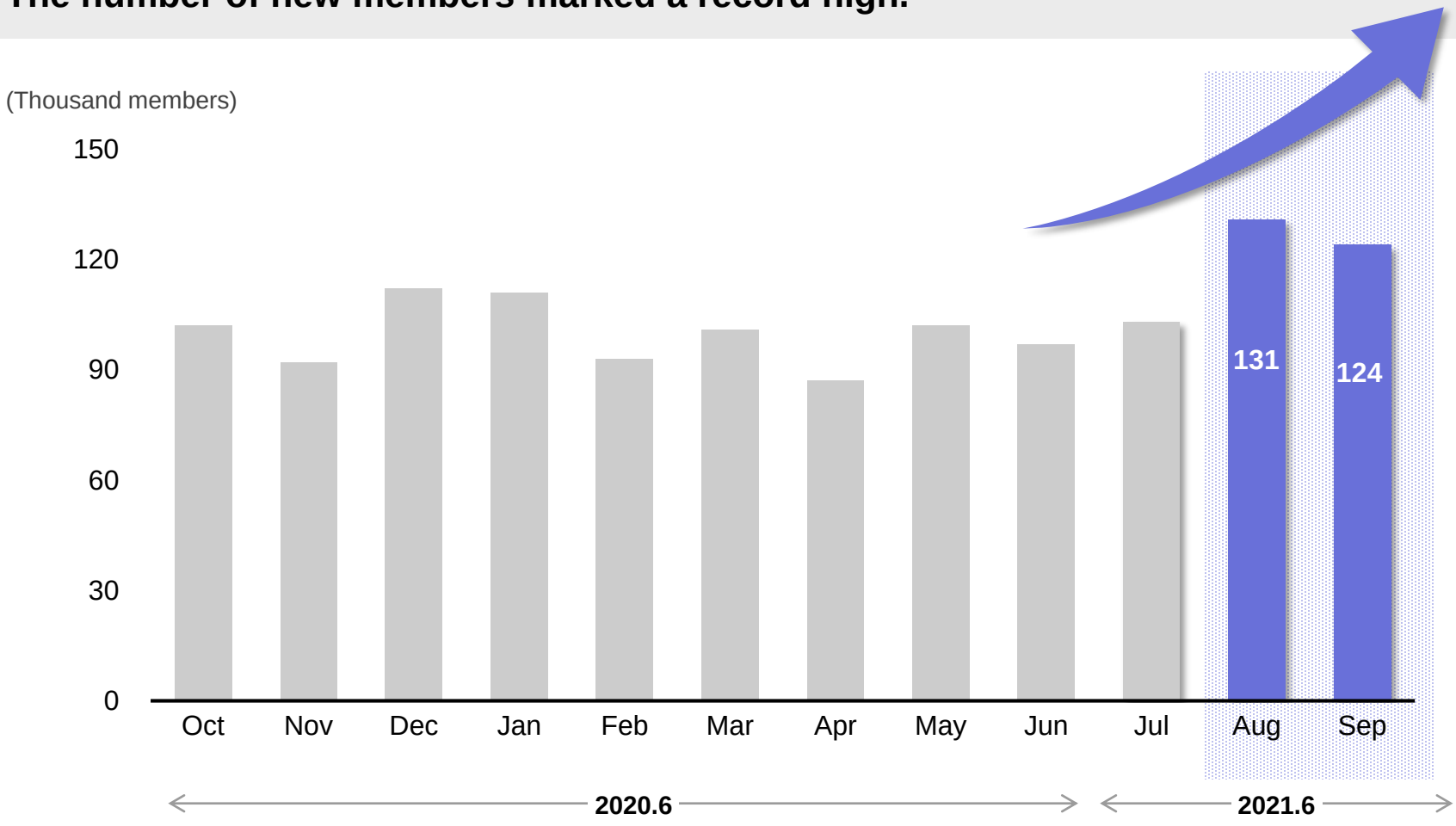
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Media Business

Number of New Members (Monthly)

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Acquisition efficiency improved in promotion due to an increase in the number of natural inflows by recognition measures.
The number of new members marked a record high.



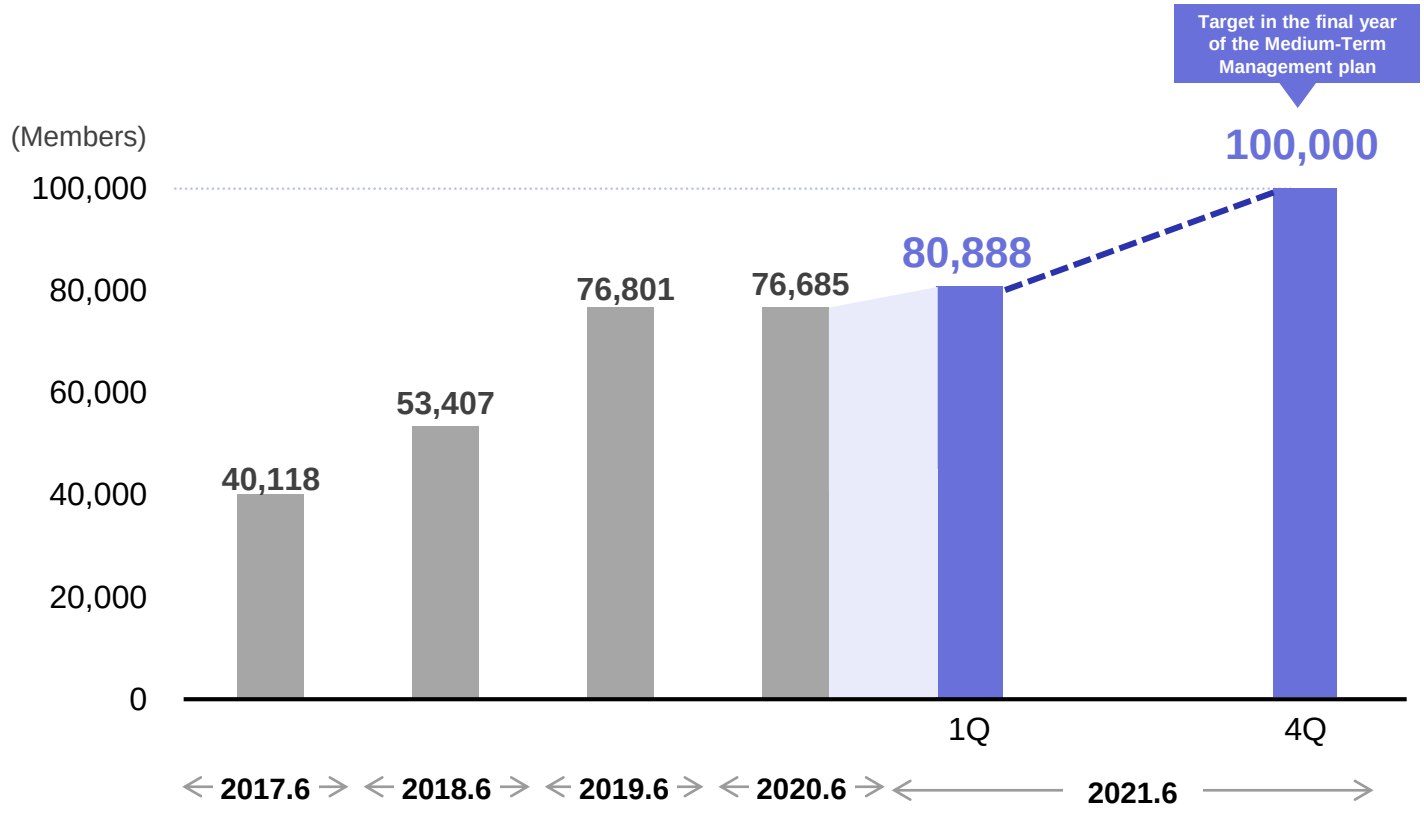
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Media Business

Number of Paying Members (Progress)

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User action quantity also increased, in addition to a rise in the number of new members.
The number of paying members marked a record high.



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)

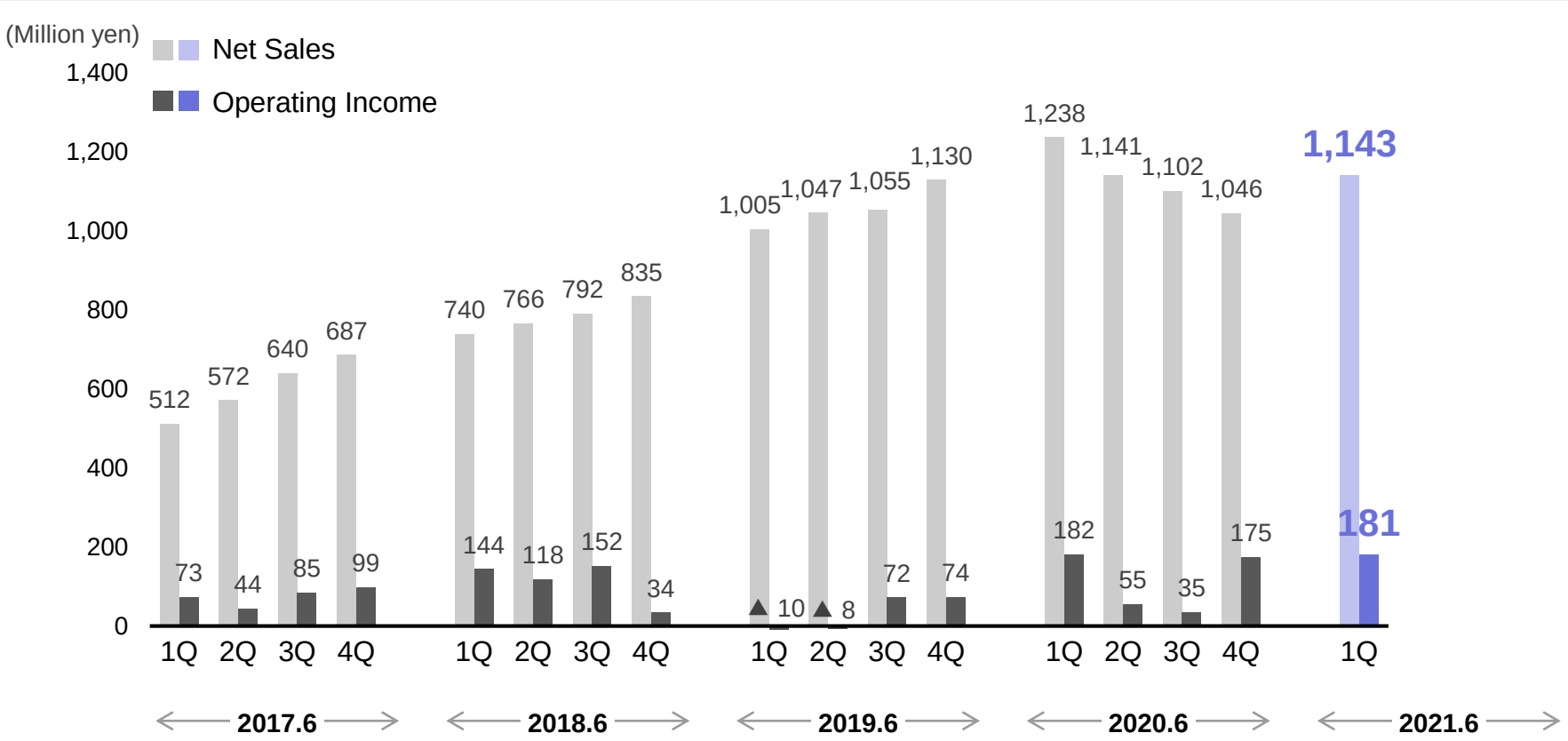
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Media Business

Changes in Financial Results

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Net sales increased quarter on quarter due to increases in the number of new members and the number of paying members.



* 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.

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Media Business

Policy in the Current Fiscal Year

NET MARKETING CO. LTD.

Work to increase the number of members acquired by improving the service quality and enhancing the brand power.

Key Issue	Initiatives
■ **Enhancing recognition and the brand power**	■ Strengthening sales promotion activities including the expansion of advertising methods ■ Strengthening PR activities including the expansion of channels ■ Preparing for the acquisition of IMS certification to improve the service quality
■ **Enhancing the charge rate and LTV**	■ Developing our own algorithm for meeting of men and women ■ Improving UI/UX, etc. ■ Improving the service quality by strengthening the CS system

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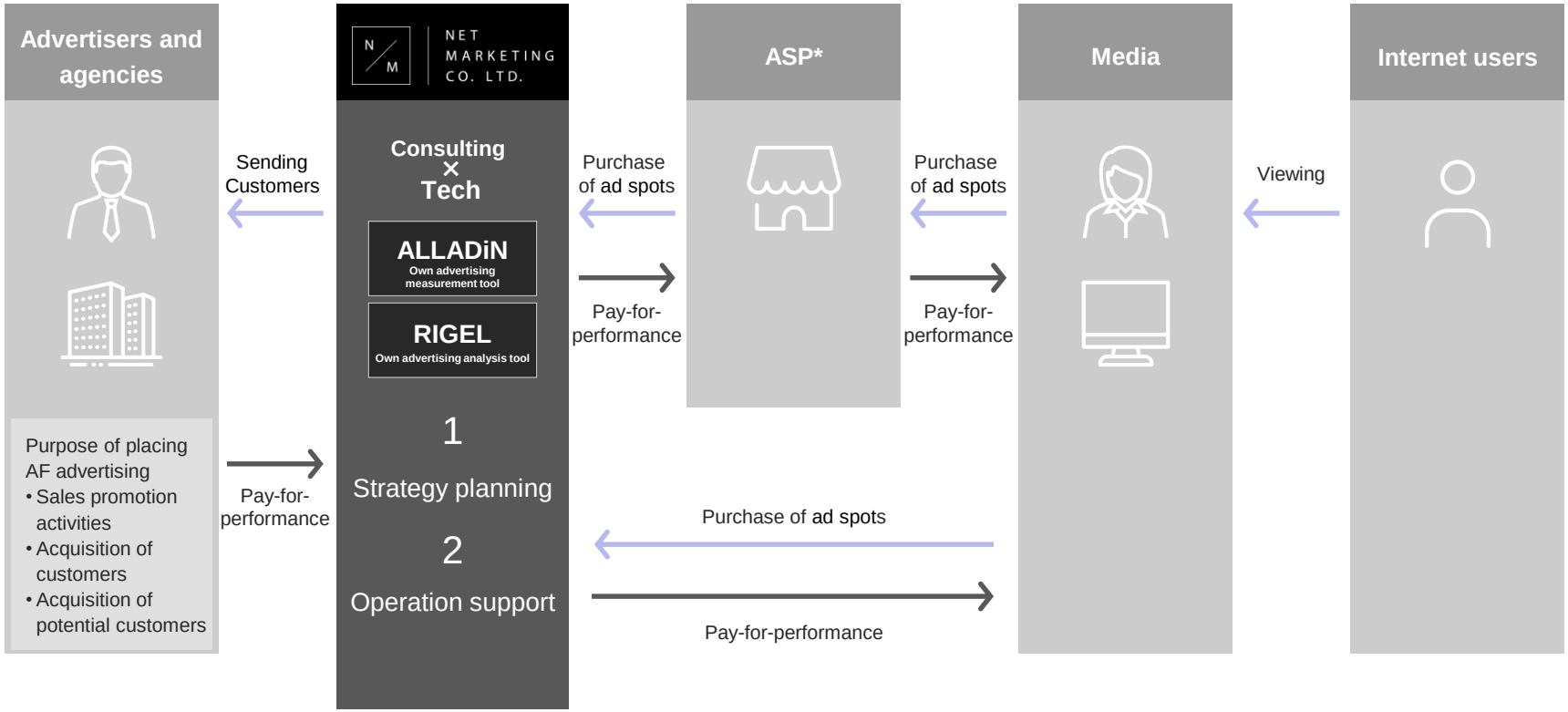
Advertising Business

Business Model

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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.

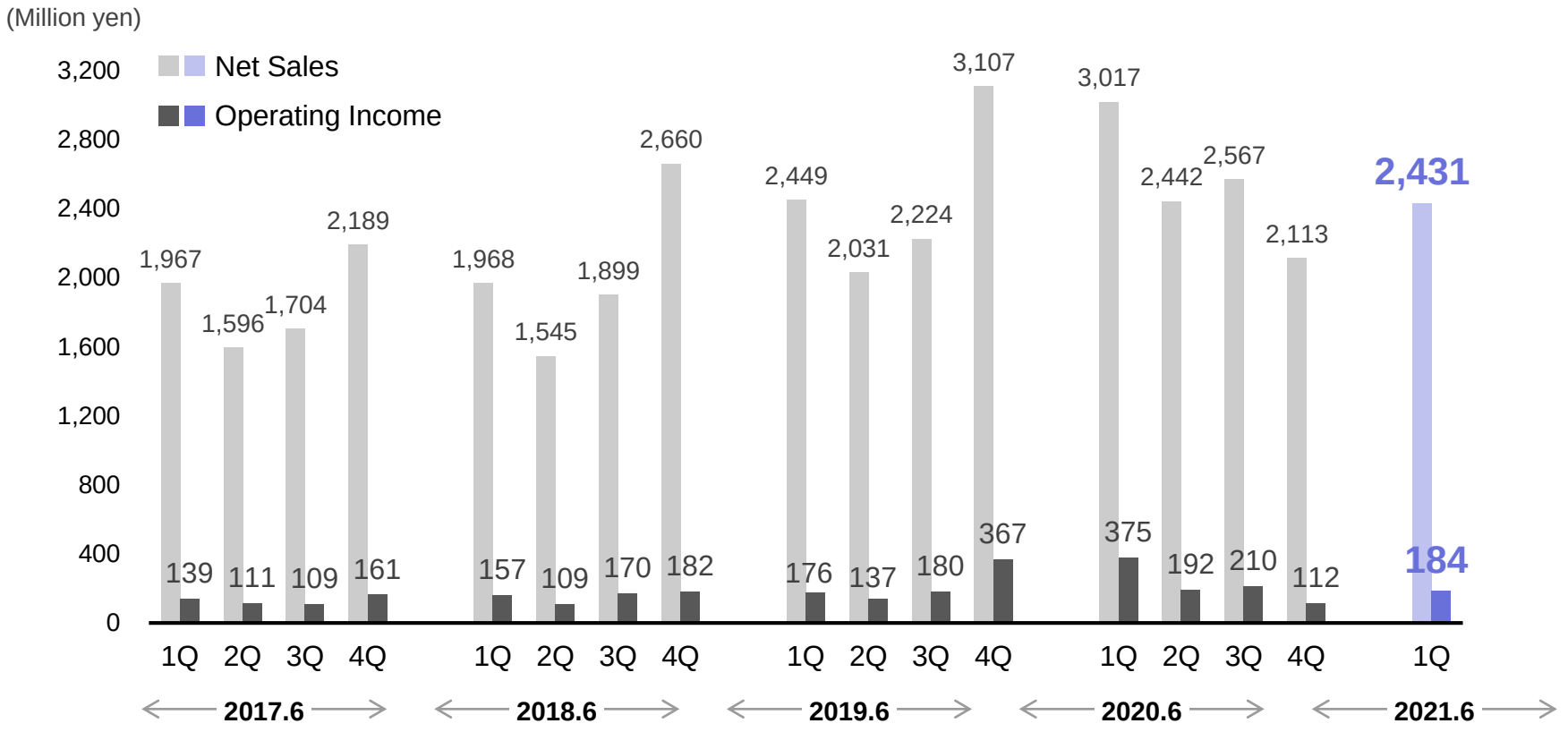
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Advertising Business

Changes in Financial Results

NET MARKETING CO. LTD.

In 1Q of the current fiscal year, sales and income recovered from the impact of the COVID-19 and increased quarter on quarter.



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Advertising Business

Policy in the Current Fiscal Year

NET MARKETING CO. LTD.

Work to expand business by enhancing the revenue base through the promotion of initiatives for key issues.

Key Issue	Initiatives
■ **Upsell existing projects**	■ Increase the service level, strengthening consultation and building new ad technologies
■ **Increase new orders**	■ Optimize the project portfolio ■ Expand operations into new categories such as stay home-related ones
■ **Expand the advertising menus**	■ Strengthen social advertising

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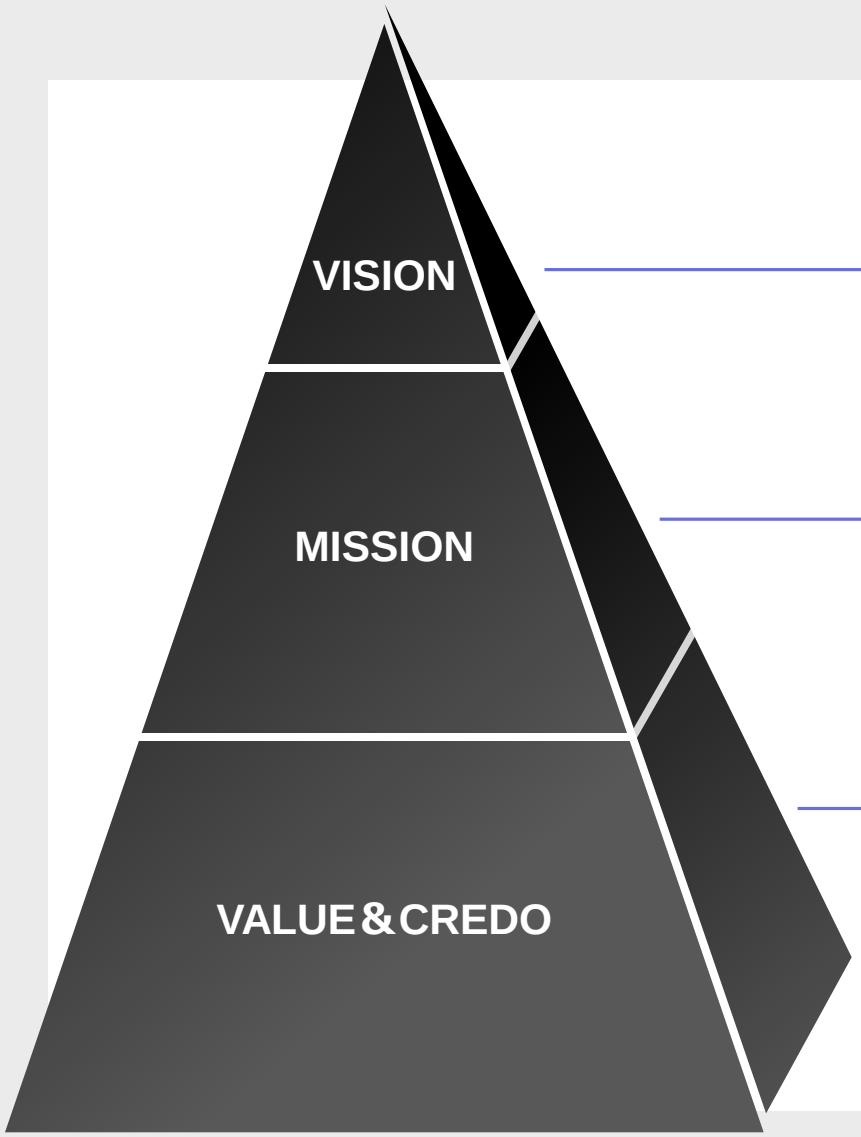
03

Appendix

- Management Philosophy
- Initiatives for Regional Revitalization
- Forecast for the Market Size

Management Philosophy

NET MARKETING CO. LTD.



Think outside the box, deliver happiness to people, and continue to enrich society.

Achieve lifestyle innovation through ideas and passion.

1. **Pursue the best path!**
2. **Make every effort!**
3. **Overcome barriers!**
4. **Pursue optimal services!**
5. **Go the right way!**
6. **Establish emotional ties with our fellows!**
7. **Innovate on a personal level!**

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Initiatives for Regional Revitalization

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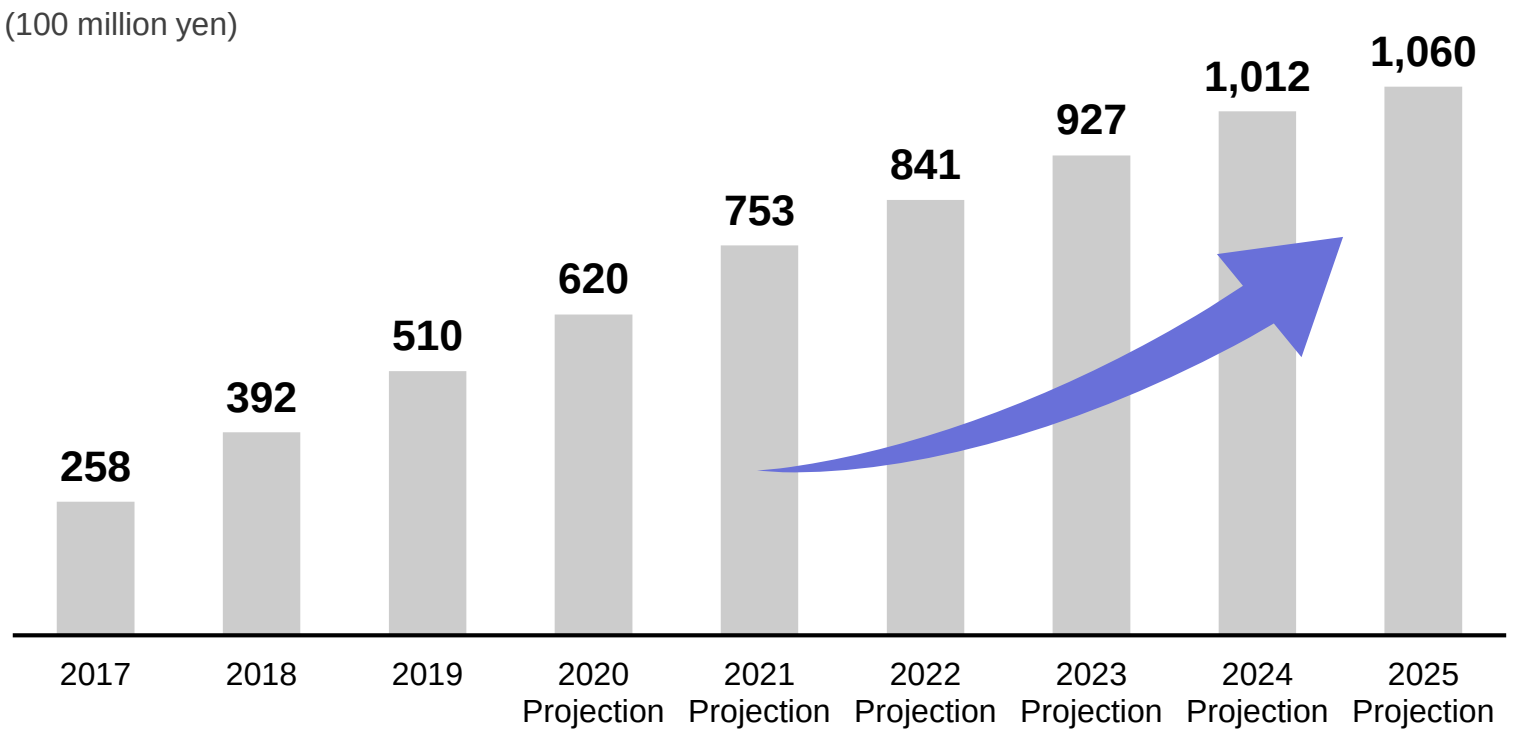
	First time	Second time	Third time	Fourth time
Local governments	Okayama Prefecture	Izumo City, Shimane Prefecture	Aomori Prefecture	Kurashiki City, Okayama Prefecture
	Okayama Omiai Marriage Matching Party	Izumo × Omiai Match-Making Party	Aomori Omiai Matchmaking Party	Kurashiki Omiai Marriage Matching Party
Held on	August 25, 2018	February 9, 2019	March 23, 2019	April 13, 2019
Location	Shimbashi, Tokyo	Omotesando, Tokyo	Shimbashi, Tokyo	Kurashiki city, Okayama prefecture

	Fifth time	Sixth time	
Local governments	Wakayama Prefecture	Tsuyama City, Okayama Prefecture	Tottori Prefecture
	Wakayama Love Draft	Okayama × Omiai Marriage Matching Party	Tottori × Omiai Online Match-Making Party
Held on	July 26, 2019	November 3, 2019	November 7 and 14, 2020 (planned)
Location	Honmachi, Osaka	Shimbashi, Tokyo	Online



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



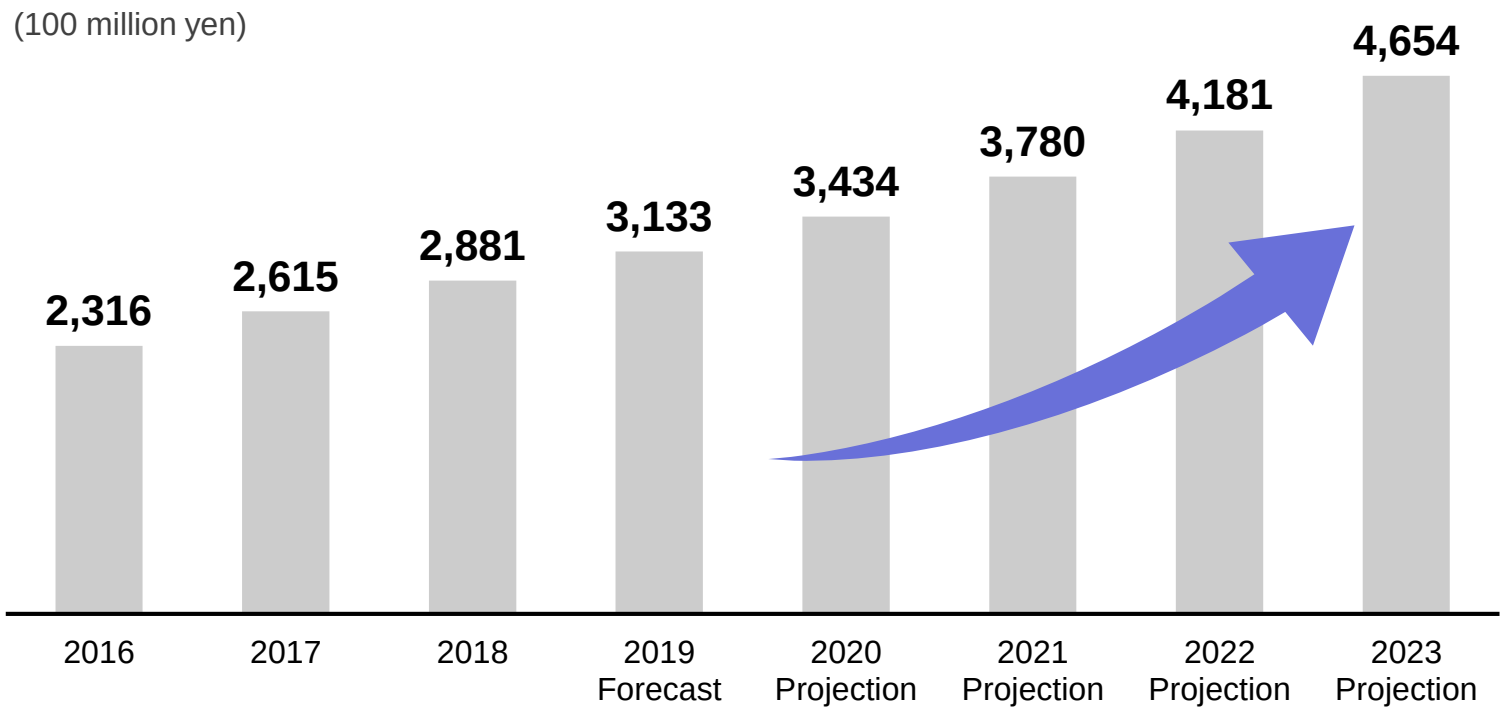
Love and marriage matching market

Source: MatchingAgent, Inc./digitalinfact
Graph prepared by the Company based on figures in the Domestic Online Love and Marriage Matching Service Market Projection for 2017-2025
Note: As figures for 2020 and beyond are based on projections released as of January 2020, the impact of the COVID-19 coronavirus is not reflected.

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[Reference]

Forecast for the Affiliate Advertising Market Size



Affiliate advertising market

Source: "Trends in and Outlook for the Affiliate Marketing Market 2019". Graph created by the Company based on figures announced on February 7, 2020
Note: Estimate for FY2019 and predictions for FY2020 and beyond as of December 2019. The market size was calculated by adding the rewards for results from affiliate advertising, fees and various expenses. For 2020 and beyond, as the projections are based on information available as of December 2019, the impact of the COVID-19 coronavirus is not reflected.

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