

Translation

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Summary of Non-consolidated Financial Results for the First Quarter Ended September 30, 2021 (Based on Japanese Accounting Standards)

November 11, 2021

Company Name: Net Marketing Co. Ltd.
 Stock Exchange Listing: Tokyo Stock Exchange
 Code Number: 6175
 URL: <https://www.net-marketing.co.jp/>
 Representative: Kunihisa Miyamoto, Representative Director and CEO
 Contact: Koji Mimura, Director and CFO
 (TEL) +81-3-6894-0139
 Scheduled date to submit the quarterly report: November 12, 2021
 Scheduled date of the start of dividend payments: –
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: None

(Amounts of less than one million yen are rounded down.)

1. Financial Results for the First Quarter Ended September 30, 2021 (from July 1, 2021 to September 30, 2021)

(1) Financial Results (Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended September 30, 2021	1,312	–	257	–	260	–	217	–
First quarter ended September 30, 2020	3,447	(19.0)	211	(48.0)	219	(46.5)	150	(46.8)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter ended September 30, 2021	14.54	14.46
First quarter ended September 30, 2020	10.15	10.00

Because the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29), and other regulations have been applied from the beginning of the fiscal year ending June 30, 2022, year-on-year changes in the aforementioned net sales, operating income, ordinary income and net income are not stated.

(2) Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Million yen	Million yen	%
As of September 30, 2021	5,354	3,141	58.7
As of June 30, 2021	5,321	3,012	56.6

(Reference) Shareholders' equity: As of September 30, 2021: 3,141 million yen
 As of June 30, 2021: 3,012 million yen

2. Dividends

	Dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2021	–	0.00	–	6.00	6.00
Year ending June 30, 2022	–	–	–	–	–
Year ending June 30, 2022 (forecast)	–	0.00	–	6.00	6.00

(Note) Revisions to dividend forecasts published most recently: No

3. Financial Results Forecasts for the Fiscal Year Ending June 30, 2022 (from July 1, 2021 to June 30, 2022)

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Year ending June 30, 2022	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	5,785	—	500	—	500	—	375	—	25.11

(Note) Revisions to results forecasts published most recently: No

Because the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29), and other regulations have been applied from the beginning of the fiscal year ending June 30, 2022, the financial results forecasts above reflect the application of the Accounting Standard and other regulations. Therefore, year-on-year changes are not stated.

* NOTE

(1) Application of Particular Accounting Treatment Concerning Preparation of Quarterly Financial Statements: None

(2) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements

(i) Changes in accounting principles accompanying the amendment of accounting standards: Yes

(ii) Changes other than those in (i) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(3) Number of Shares Issued (Common shares)

(i) Number of shares issued at the end of the period (including treasury stock)

As of September 30, 2021: 14,940,200 shares

As of June 30, 2021: 14,934,800 shares

(ii) Number of treasury stock at the end of the period

As of September 30, 2021: 188 shares

As of June 30, 2021: 188 shares

(iii) Average number of shares issued during the period

First three months ended September 30, 2021: 14,938,212 shares

First three months ended September 30, 2020: 14,831,528 shares

* The summaries of financial results are positioned outside the scope of a quarterly review by certified public accountants and audit firm.

* Explanations Regarding the Appropriate Use of Financial Results Forecasts and Other Items Worthy of Special Mention

<Precautions for Forward-Looking Statements>

Forward-looking statements in this summary, such as financial results forecasts, are based on information available to the Company at present and certain assumptions the Company judges to be rational. Those descriptions do not mean that the Company promises their achievement. Actual financial results and the like may also differ significantly from those descriptions depending on various factors.

<Method for Obtaining Quarterly Supplementary Materials for Explaining Financial Results>

The Company will publish quarterly supplementary materials for explaining the financial results through the Company Announcements Disclosure Service of the Tokyo Stock Exchange and on its official website on Thursday, November 11, 2021.

Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Unit: Thousand yen)

	Previous fiscal year (As of June 30, 2021)	End of first quarter of the fiscal year under review (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	3,365,770	3,558,354
Accounts receivable - trade	1,297,360	1,055,702
Other	145,959	242,842
Allowance for doubtful accounts	(10)	(8)
Total current assets	4,809,080	4,856,891
Non-current assets		
Property, plant and equipment	99,453	95,575
Intangible assets	113,808	104,262
Investments and other assets	299,548	297,968
Total non-current assets	512,810	497,806
Total assets	5,321,891	5,354,697
Liabilities		
Current liabilities		
Accounts payable - trade	1,560,138	1,392,444
Income taxes payable	32,759	104,162
Other	716,006	716,133
Total current liabilities	2,308,904	2,212,740
Total liabilities	2,308,904	2,212,740
Net assets		
Shareholders' equity		
Capital stock	414,539	415,241
Capital surplus	404,539	405,241
Retained earnings	2,194,043	2,321,609
Treasury shares	(135)	(135)
Total shareholders' equity	3,012,986	3,141,957
Total net assets	3,012,986	3,141,957
Total liabilities and net assets	5,321,891	5,354,697

(2) Quarterly Statement of Income
(First three-month period)

(Unit: Thousand yen)

	First quarter of the previous fiscal year (From July 1, 2020 to September 30, 2020)	First quarter of the fiscal year under review (From July 1, 2021 to September 30, 2021)
Net sales	3,447,486	1,312,306
Cost of sales	2,385,823	300,866
Gross profit	1,061,662	1,011,439
Selling, general and administrative expenses	850,536	753,967
Operating income	211,126	257,471
Non-operating income		
Interest income	15	15
Rewards income	1,715	2,614
Subsidy income	6,630	–
Other	242	226
Total non-operating income	8,603	2,856
Non-operating expenses		
Interest expenses	87	–
Foreign exchange losses	46	52
Other	3	0
Total non-operating expenses	137	52
Ordinary income	219,592	260,275
Extraordinary income		
Insurance claim income	–	100,000
Total extraordinary income	–	100,000
Extraordinary losses		
Information security expenses	–	45,660
Total extraordinary losses	–	45,660
Net income before income taxes	219,592	314,615
Income taxes - current	43,732	96,679
Income taxes - deferred	25,636	761
Total income taxes	69,369	97,440
Net income	150,223	217,174