

Translation

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Summary of Non-consolidated Financial Results for the First Quarter Ended September 30, 2020 (Based on Japanese Accounting Standards)

November 11, 2020

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, 2020
 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, 2020 (from July 1, 2020 to September 30, 2020)

(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, 2020	3,447	(19.0)	211	(48.0)	219	(46.5)	150	(46.8)
First quarter ended September 30, 2019	4,254	23.1	406	–	410	–	282	–

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter ended September 30, 2020	10.15	10.00
First quarter ended September 30, 2019	19.21	18.83

(Note) Year-on-year changes in operating income, ordinary income and net income for the first quarter of the fiscal year ended June 30, 2020, which will be higher than 1000% respectively, have been presented as “–.”

(2) Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Million yen	Million yen	%
As of September 30, 2020	4,929	2,814	57.1
As of June 30, 2020	4,977	2,753	55.3

(Reference) Shareholders' equity: As of September 30, 2020 2,814 million yen
As of June 30, 2020 2,752 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, 2020	–	0.00	–	6.00	6.00
Year ending June 30, 2021	–	–	–	–	–
Year ending June 30, 2021 (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, 2021 (from July 1, 2020 to June 30, 2021)

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending June 30, 2021	15,500	7.9	500–800	(32.0) –8.8	500–800	(33.1) –7.1	340–550	(33.3) –7.9	22.98–37.17

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

The Company uses ranges of values for certain financial results forecasts for the fiscal year ending June 30, 2021.

* 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: None

(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, 2020: 14,796,800 shares

As of June 30, 2020: 14,796,800 shares

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

As of September 30, 2020: 188 shares

As of June 30, 2020: 188 shares

(iii) Average number of shares issued during the period

First three months ended September 30, 2020: 14,796,612 shares

First three months ended September 30, 2019: 14,707,642 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 Wednesday, November 11, 2020.

Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Unit: Thousand yen)

	Previous fiscal year (As of June 30, 2020)	End of first quarter of the fiscal year under review (As of September 30, 2020)
Assets		
Current assets		
Cash and deposits	3,214,015	3,235,487
Accounts receivable - trade	1,198,906	1,130,982
Other	102,019	104,529
Allowance for doubtful accounts	(9)	(9)
Total current assets	4,514,932	4,470,990
Non-current assets		
Property, plant and equipment	106,608	104,595
Intangible assets	45,308	68,502
Investments and other assets	310,683	285,800
Total non-current assets	462,599	458,898
Total assets	4,977,532	4,929,889
Liabilities		
Current liabilities		
Accounts payable - trade	1,262,867	1,315,826
Current portion of long-term loans payable	80,032	60,034
Income taxes payable	215,817	48,957
Other	665,789	690,600
Total current liabilities	2,224,505	2,115,418
Total liabilities	2,224,505	2,115,418
Net assets		
Shareholders' equity		
Capital stock	408,329	408,329
Capital surplus	398,329	398,329
Retained earnings	1,946,203	2,007,646
Treasury shares	(135)	(135)
Total shareholders' equity	2,752,726	2,814,170
Share acquisition rights	300	300
Total net assets	2,753,026	2,814,470
Total liabilities and net assets	4,977,532	4,929,889

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

(Unit: Thousand yen)

	First quarter of the previous fiscal year (From July 1, 2019 to September 30, 2019)	First quarter of the fiscal year under review (From July 1, 2020 to September 30, 2020)
Net sales	4,254,823	3,447,486
Cost of sales	2,869,323	2,385,823
Gross profit	1,385,500	1,061,662
Selling, general and administrative expenses	979,152	850,536
Operating income	406,348	211,126
Non-operating income		
Interest income	13	15
Commission fee	1,921	–
Rewards income	1,862	1,715
Subsidy income	–	6,630
Other	132	242
Total non-operating income	3,928	8,603
Non-operating expenses		
Interest expenses	185	87
Foreign exchange losses	12	46
Other	0	3
Total non-operating expenses	198	137
Ordinary income	410,078	219,592
Net income before income taxes	410,078	219,592
Income taxes - current	127,567	43,732
Income taxes - deferred	(36)	25,636
Total income taxes	127,530	69,369
Net income	282,548	150,223