

**Translation**

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## Summary of Non-consolidated Financial Results for the First Half Ended December 31, 2021 (Based on Japanese Accounting Standards)

February 10, 2022

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: February 10, 2022  
 Scheduled date of the start of dividend payments: –  
 Supplementary documents for quarterly results: Yes  
 Quarterly results briefing: Yes (for institutional investors, securities analysts, the press)

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

### 1. Financial Results for the First Half Ended December 31, 2021 (from July 1, 2021 to December 31, 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 half ended December 31, 2021	2,592	–	308	–	315	–	253	–
First half ended December 31, 2020	6,671	(13.9)	247	(51.3)	255	(50.1)	172	(51.0)

	Net income per share	Diluted net income per share
	Yen	Yen
First half ended December 31, 2021	16.96	16.86
First half ended December 31, 2020	11.65	11.47

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 December 31, 2021	5,700	3,178	55.8
As of June 30, 2021	5,321	3,012	56.6

(Reference) Shareholders' equity: As of December 31, 2021: 3,178 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	–	0.00	–	–	–
Year ending June 30, 2022 (forecast)	–	–	–	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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending June 30, 2022	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 December 31, 2021: 14,942,200 shares

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

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

As of December 31, 2021: 188 shares

As of June 30, 2021: 188 shares

(iii) Average number of shares issued during the period

First half ended December 31, 2021: 14,939,445 shares

First half ended December 31, 2020: 14,796,612 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 hold a results briefing (online) for institutional investors, securities analysts and news media on Tuesday, February 22, 2022. The Company will publish 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, February 10, 2022.

## Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Unit: Thousand yen)

	Previous fiscal year (As of June 30, 2021)	End of first half of the fiscal year under review (As of December 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	3,365,770	3,895,635
Accounts receivable - trade	1,297,360	1,146,692
Other	145,959	161,492
Allowance for doubtful accounts	(10)	(9)
<b>Total current assets</b>	<b>4,809,080</b>	<b>5,203,811</b>
Non-current assets		
Property, plant and equipment	99,453	92,838
Intangible assets	113,808	104,930
Investments and other assets	299,548	298,760
<b>Total non-current assets</b>	<b>512,810</b>	<b>496,528</b>
<b>Total assets</b>	<b>5,321,891</b>	<b>5,700,340</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,560,138	1,627,321
Income taxes payable	32,759	129,490
Other	716,006	765,246
<b>Total current liabilities</b>	<b>2,308,904</b>	<b>2,522,059</b>
<b>Total liabilities</b>	<b>2,308,904</b>	<b>2,522,059</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	414,539	415,331
Capital surplus	404,539	405,331
Retained earnings	2,194,043	2,357,753
Treasury shares	(135)	(135)
<b>Total shareholders' equity</b>	<b>3,012,986</b>	<b>3,178,281</b>
<b>Total net assets</b>	<b>3,012,986</b>	<b>3,178,281</b>
<b>Total liabilities and net assets</b>	<b>5,321,891</b>	<b>5,700,340</b>

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

(Unit: Thousand yen)

	First half of the previous fiscal year (From July 1, 2020 to December 31, 2020)	First half of the fiscal year under review (From July 1, 2021 to December 31, 2021)
Net sales	6,671,548	2,592,613
Cost of sales	4,454,028	634,697
Gross profit	2,217,520	1,957,915
Selling, general and administrative expenses	1,970,009	1,649,747
Operating income	247,511	308,168
Non-operating income		
Interest income	15	15
Rewards income	1,731	2,878
Subsidy income	6,630	–
Insurance claim income	–	4,499
Other	309	225
Total non-operating income	8,686	7,620
Non-operating expenses		
Interest expenses	153	–
Foreign exchange losses	68	73
Other	3	0
Total non-operating expenses	224	74
Ordinary income	255,972	315,714
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	255,972	370,053
Income taxes - current	62,661	117,588
Income taxes - deferred	20,939	(852)
Total income taxes	83,601	116,736
Net income	172,371	253,317

(3) Quarterly Statement of Cash Flows  
(First six-month period)

(Unit: Thousand yen)

	First half of the previous fiscal year (From July 1, 2020 to December 31, 2020)	First half of the fiscal year under review (From July 1, 2021 to December 31, 2021)
<b>Cash flows from operating activities</b>		
Net income before income taxes	255,972	370,053
Depreciation	8,152	14,484
Amortization of goodwill	5,256	5,256
Insurance claim income	–	(104,499)
Information security expenses	–	45,660
Increase (decrease) in allowance for doubtful accounts	(2)	(1)
Interest income	(15)	(15)
Interest expenses	153	–
Decrease (increase) in notes and accounts receivable - trade	329,807	150,667
Increase (decrease) in notes and accounts payable - trade	(135,691)	67,182
Other, net	258,471	80,179
<b>Subtotal</b>	<b>722,103</b>	<b>628,968</b>
Interest income received	15	15
Interest paid	(150)	–
Income taxes paid	(201,043)	(25,456)
Proceeds from insurance income	–	104,499
Information security expenses paid	–	(84,060)
<b>Net cash provided by (used in) operating activities</b>	<b>520,925</b>	<b>623,966</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,419)	(1,477)
Purchase of intangible assets	(43,704)	(4,641)
Other, net	(10,500)	–
<b>Net cash provided by (used in) investing activities</b>	<b>(56,623)</b>	<b>(6,119)</b>
<b>Cash flows from financing activities</b>		
Repayments of long-term loans payable	(39,996)	–
Dividends paid	(88,468)	(89,566)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	1,584
<b>Net cash provided by (used in) financing activities</b>	<b>(128,464)</b>	<b>(87,982)</b>
Net increase (decrease) in cash and cash equivalents	335,836	529,864
Cash and cash equivalents at beginning of period	3,214,015	3,365,770
Cash and cash equivalents at end of period	3,549,852	3,895,635