

**Translation**

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## Summary of Non-consolidated Financial Results for the Three Months Ended September 30, 2019 (Based on Japanese Accounting Standards)

November 12, 2019

Company Name: Net Marketing Co. Ltd.  
 Stock Exchange Listing: Tokyo Stock Exchange  
 Code Number: 6175  
 URL: <http://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 13, 2019  
 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 Three Months Ended September 30, 2019 (from July 1, 2019 to September 30, 2019)

#### (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 three months ended September 30, 2019	4,254	23.1	406	–	410	–	282	–
First three months ended September 30, 2018	3,455	27.5	26	(85.8)	27	(86.6)	16	(88.3)

	Net income per share	Diluted net income per share
	Yen	Yen
First three months ended September 30, 2019	19.21	18.83
First three months ended September 30, 2018	1.16	1.13

(Note) Year-on-year changes in operating income, ordinary income and net income for the first six months of the fiscal year ending 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, 2019	5,221	2,513	48.1
As of June 30, 2019	5,281	2,290	43.4

(Reference) Shareholders' equity: As of September 30, 2019 2,513 million yen  
 As of June 30, 2019 2,290 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, 2019	–	0.00	–	5.00	5.00
Year ending June 30, 2020	–	–	–	–	–
Year ending June 30, 2020 (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, 2020 (from July 1, 2019 to June 30, 2020)

(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
First half	7,535	15.3	398	—	398	—	275	—	18.92
Year ending June 30, 2020	16,302	16.0	813	91.8	812	92.9	563	98.4	38.64

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

Year-on-year changes in operating income, ordinary income and net income for the first six months of the fiscal year ending June 30, 2020, which will be higher than 1000% respectively, have been presented as “—.”

#### \* 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 (a) 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, 2019: 14,714,200 shares
  - As of June 30, 2019: 14,579,400 shares
- (ii) Number of treasury stock at the end of the period
  - As of September 30, 2019: 180 shares
  - As of June 30, 2019: 146 shares
- (iii) Average number of shares issued during the period
  - Three Months ended September 30, 2019: 14,707,642 shares
  - Three Months ended September 30, 2018: 14,569,654 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 Tuesday, November 12, 2019.

## Quarterly Financial Statements and Key Notes

(1) Quarterly Balance Sheets

(Unit: Thousand yen)

	Previous fiscal year (As of June 30, 2019)	End of first three months of the fiscal year (As of September 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	3,043,817	3,279,203
Accounts receivable - trade	1,759,412	1,457,705
Other	79,758	90,828
Allowance for doubtful accounts	(14)	(12)
<b>Total current assets</b>	<b>4,882,974</b>	<b>4,827,725</b>
Non-current assets		
Property, plant and equipment	120,857	117,123
Intangible assets	14,961	10,990
Investments and other assets	262,688	265,701
<b>Total non-current assets</b>	<b>398,507</b>	<b>393,815</b>
<b>Total assets</b>	<b>5,281,482</b>	<b>5,221,541</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,033,006	1,754,174
Current portion of long-term loans payable	79,992	79,992
Income taxes payable	16,767	135,994
Other	781,332	677,510
<b>Total current liabilities</b>	<b>2,911,098</b>	<b>2,647,670</b>
Non-current liabilities		
Long-term loans payable	80,032	60,034
<b>Total non-current liabilities</b>	<b>80,032</b>	<b>60,034</b>
<b>Total liabilities</b>	<b>2,991,130</b>	<b>2,707,704</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	395,442	402,371
Capital surplus	385,442	392,371
Retained earnings	1,509,268	1,718,920
Treasury shares	(101)	(126)
<b>Total shareholders' equity</b>	<b>2,290,051</b>	<b>2,513,537</b>
Share acquisition rights	300	300
<b>Total net assets</b>	<b>2,290,351</b>	<b>2,513,837</b>
<b>Total liabilities and net assets</b>	<b>5,281,482</b>	<b>5,221,541</b>

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

(Unit: Thousand yen)

	First three months of the previous fiscal year (From July 1, 2018 to September 30, 2018)	First three months of the fiscal year (From July 1, 2019 to September 30, 2019)
Net sales	3,455,028	4,254,823
Cost of sales	2,473,368	2,869,323
Gross profit	981,659	1,385,500
Selling, general and administrative expenses	954,750	979,152
Operating income	26,908	406,348
Non-operating income		
Interest income	26	13
Commission fee	225	1,921
Rewards income	189	1,862
Other	158	132
Total non-operating income	599	3,928
Non-operating expenses		
Interest expenses	275	185
Other	142	12
Total non-operating expenses	417	198
Ordinary income	27,090	410,078
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	329	—
Total extraordinary losses	329	—
Net income before income taxes	26,761	410,078
Income taxes - current	136	127,567
Income taxes - deferred	9,752	(36)
Total income taxes	9,889	127,530
Net income	16,872	282,548