

**Translation**

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Non-Consolidated Financial Results for the Third Quarter Ended March 31, 2019 (Based on Japanese Accounting Standards)

May 10, 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: Takahiro Nagano, Director and CFO  
 (TEL) +81-3-6894-0139  
 Scheduled date to submit the quarterly report: May 13, 2019  
 Scheduled date of the start of dividend payments: –  
 Supplementary documents for quarterly results: Yes  
 Quarterly results briefing: No

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

### 1. Financial Results for the Third Quarter Ended March 31, 2019 (from July 1, 2018 to March 31, 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	%
Third quarter ended March 31, 2019	9,812	27.2	143	(69.8)	139	(71.4)	91	(72.8)
Third quarter ended March 31, 2018	7,714	10.3	476	64.2	487	77.0	336	81.4

	Net income per share	Diluted net income per share
	Yen	Yen
Third quarter ended March 31, 2019	6.27	6.10
Third quarter ended March 31, 2018	23.61	22.45

(Note) The Company performed a share split at the ratio of two common shares for one common share on March 14, 2018. Net income per share and diluted net income per share are calculated on the assumption that the share split concerned was performed at the beginning of the previous fiscal year.

### (2) Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Million yen	Million yen	%
As of March 31, 2019	4,218	2,095	49.7
As of June 30, 2018	4,900	2,075	42.3

(Reference) Shareholders' equity: As of March 31, 2019 2,095 million yen  
 As of June 30, 2018 2,075 million yen

Starting from this fiscal year, the Company does not prepare consolidated financial statements because it dissolved Net Marketing International, Inc., its consolidated subsidiary, on July 31, 2018. Therefore, operating results and financial conditions for the fiscal year under review have been disclosed based entirely on the non-consolidated financial statements of the Company in the summary of financial results for the third quarter ended March 31, 2019. Operating results and financial conditions for the third quarter of the previous year and financial conditions for the previous fiscal year have also been disclosed based on the Company's non-consolidated financial statements in consideration of the comparability of periods.

### 2. Dividends

	Annual 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, 2018	–	0.00	–	5.00	5.00
Year ending June 30, 2019	–	0.00	–	–	–
Year ending June 30, 2019 (forecast)	–	–	–	5.00	5.00

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

### 3. Financial Results Forecasts for the Fiscal Year Ending June 30, 2019 (from July 1, 2018 to June 30, 2019)

(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, 2019	14,465	29.0	373	(32.6)	372	(34.6)	258	(35.0)	17.73

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

#### \* 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 March 31, 2019: 14,570,000 shares

As of June 30, 2018: 14,562,000 shares

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

As of March 31, 2019: 146 shares

As of June 30, 2018: 146 shares

(iii) Average number of shares issued during the period

First nine months ended March 31, 2019: 14,569,787 shares

First nine months ended March 31, 2018: 14,235,113 shares

The Company performed a share split at the ratio of two common shares for one common share on March 14, 2018. The number of shares issued at the end of the period, the number of treasury stock at the end of the period and the average number of shares issued during the period are calculated on the assumption that the share split concerned was performed at the beginning of the previous fiscal year.

\* 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 results supplementary materials for explaining the 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 Friday, May 10, 2019.

## Quarterly Financial Statements and Key Notes

### (1) Quarterly Balance Sheets

(Unit: Thousand yen)

	Previous fiscal year (As of June 30, 2018)	End of third quarter of the fiscal year under review (As of March 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	2,946,851	2,543,564
Accounts receivable - trade	1,384,187	1,123,911
Other	41,756	162,703
Allowance for doubtful accounts	(11)	(9)
<b>Total current assets</b>	<b>4,372,785</b>	<b>3,830,169</b>
Non-current assets		
Property, plant and equipment	140,869	126,454
Intangible assets	43,119	18,931
Investments and other assets	344,175	243,240
<b>Total non-current assets</b>	<b>528,164</b>	<b>388,625</b>
<b>Total assets</b>	<b>4,900,949</b>	<b>4,218,795</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,767,099	1,314,623
Current portion of long-term loans payable	79,992	79,992
Accounts payable - other	448,772	414,408
Income taxes payable	131,689	—
Other	238,261	213,750
<b>Total current liabilities</b>	<b>2,665,815</b>	<b>2,022,774</b>
Non-current liabilities		
Long-term loans payable	160,024	100,030
<b>Total non-current liabilities</b>	<b>160,024</b>	<b>100,030</b>
<b>Total liabilities</b>	<b>2,825,839</b>	<b>2,122,804</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	393,525	394,560
Capital surplus	383,525	384,560
Retained earnings	1,298,160	1,316,671
Treasury shares	(101)	(101)
<b>Total shareholders' equity</b>	<b>2,075,110</b>	<b>2,095,690</b>
Share acquisition rights	—	300
<b>Total net assets</b>	<b>2,075,110</b>	<b>2,095,990</b>
<b>Total liabilities and net assets</b>	<b>4,900,949</b>	<b>4,218,795</b>

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

(Unit: Thousand yen)

	First nine months of the previous fiscal year (From July 1, 2017 to March 31, 2018)	First nine months of the fiscal year under review (From July 1, 2018 to March 31, 2019)
Net sales	7,714,346	9,812,953
Cost of sales	5,354,777	6,823,424
Gross profit	2,359,568	2,989,529
Selling, general and administrative expenses	1,882,961	2,845,679
Operating Income	476,607	143,849
Non-operating income		
Interest income	23	39
Commission fee	92	6,677
Reversal of allowance for doubtful accounts	12,749	2
Other	278	608
Total non-operating income	13,142	7,327
Non-operating expenses		
Interest expenses	1,013	753
Foreign exchange losses	750	150
Share acquisition rights expenses	–	10,558
Other	183	60
Total non-operating expenses	1,948	11,522
Ordinary income	487,801	139,654
Extraordinary income		
Gain on transfer from business divestitures	8,807	–
Total extraordinary income	8,807	–
Extraordinary losses		
Loss on retirement of non-current assets	208	–
Head office transfer cost	1,822	–
Loss on liquidation of subsidiaries and associates	–	329
Total extraordinary losses	2,031	329
Net income before income taxes	494,577	139,325
Income taxes - current	161,946	8,921
Income taxes - deferred	(3,414)	39,084
Total income taxes	158,532	48,005
Net income	336,045	91,319