

Translation

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Summary of Non-consolidated Financial Results for the First Three Quarters Ended March 31, 2022 (Based on Japanese Accounting Standards)

May 12, 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
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 Scheduled date to submit the quarterly report: May 13, 2022
 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 First Three Quarters Ended March 31, 2022 (from July 1, 2021 to March 31, 2022)

(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	%
Three quarters ended March 31, 2022	3,891	–	379	–	393	–	305	–
Three quarters ended March 31, 2021	10,238	(9.5)	341	(43.4)	349	(43.0)	235	(43.8)

	Net income per share	Diluted net income per share
	Yen	Yen
Three quarters ended March 31, 2022	20.45	20.33
Three quarters ended March 31, 2021	15.94	15.70

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 March 31, 2022	5,797	3,234	55.8
As of June 30, 2021	5,321	3,012	56.6

(Reference) Shareholders' equity: As of March 31, 2022 3,234 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 March 31, 2022: 14,954,200 shares

As of June 30, 2021: 14,938,400 shares

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

As of March 31, 2022: 188 shares

As of June 30, 2021: 188 shares

(iii) Average number of shares issued during the period

First three quarters ended March 31, 2022: 14,942,967 shares

First three quarters ended March 31, 2021: 14,797,612 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 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, May 12, 2022.

Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Unit: Thousand yen)

	Previous fiscal year (As of June 30, 2021)	End of third quarter of the fiscal year under review (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	3,365,770	3,987,366
Accounts receivable - trade	1,297,360	1,166,673
Other	145,959	145,568
Allowance for doubtful accounts	(10)	(9)
Total current assets	4,809,080	5,299,598
Non-current assets		
Property, plant and equipment	99,453	90,266
Intangible assets	113,808	114,774
Investments and other assets	299,548	293,348
Total non-current assets	512,810	498,389
Total assets	5,321,891	5,797,988
Liabilities		
Current liabilities		
Accounts payable - trade	1,560,138	1,826,918
Income taxes payable	32,759	76,901
Other	716,006	659,893
Total current liabilities	2,308,904	2,563,714
Total liabilities	2,308,904	2,563,714
Net assets		
Shareholders' equity		
Capital stock	414,539	417,221
Capital surplus	404,539	407,221
Retained earnings	2,194,043	2,409,966
Treasury shares	(135)	(135)
Total shareholders' equity	3,012,986	3,234,274
Total net assets	3,012,986	3,234,274
Total liabilities and net assets	5,321,891	5,797,988

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

(Unit: Thousand yen)

	First nine months of the previous fiscal year (From July 1, 2020 to March 31, 2021)	First nine months of the fiscal year under review (From July 1, 2021 to March 31, 2022)
Net sales	10,238,682	3,891,660
Cost of sales	6,876,569	938,724
Gross profit	3,362,112	2,952,936
Selling, general and administrative expenses	3,020,928	2,573,503
Operating income	341,184	379,432
Non-operating income		
Interest income	32	33
Rewards income	1,731	2,878
Subsidy income	6,630	–
Insurance claim income	–	10,985
Other	334	228
Total non-operating income	8,728	14,125
Non-operating expenses		
Interest expenses	194	–
Foreign exchange losses	114	70
Other	3	0
Total non-operating expenses	312	71
Ordinary income	349,599	393,487
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	349,599	447,827
Income taxes - current	87,158	138,560
Income taxes - deferred	26,591	3,736
Total income taxes	113,749	142,296
Net income	235,849	305,530