

**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 Fiscal Year Ended June 30, 2021 (Based on Japanese Accounting Standards)

August 12, 2021

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 of ordinary general meeting of shareholders: September 27, 2021  
 Scheduled date of the start of dividend payments: September 28, 2021  
 Scheduled date to submit annual securities report: September 27, 2021  
 Supplementary material for financial results: Yes  
 Briefing on financial results: Yes (for institutional investors, securities analysts and news media)

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

### 1. Financial Results for the Fiscal Year Ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

(1) Financial Results (Percentages calculated on year-on-year basis.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended June 30, 2021	14,011	(2.5)	584	(20.5)	592	(20.7)	336	(34.0)
Year ended June 30, 2020	14,363	2.2	735	73.3	747	77.4	509	79.6

  

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income margin
	Yen	Yen	%	%	%
Year ended June 30, 2021	22.70	22.40	11.7	11.5	4.2
Year ended June 30, 2020	34.53	33.92	20.2	14.6	5.1

(Reference) Equity method gain or loss: Year ended June 30, 2021 – million yen  
Year ended June 30, 2020 – million yen

### (2) Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2021	5,321	3,012	56.6	201.75
As of June 30, 2020	4,977	2,753	55.3	186.04

(Reference) Shareholders' equity: As of June 30, 2021 3,012 million yen  
As of June 30, 2020 2,752 million yen

### (3) State of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended June 30, 2021	426	(118)	(156)	3,365
Year ended June 30, 2020	367	(70)	(126)	3,214

## 2. Dividends

	Dividends per share					Total dividends paid	Dividend payout ratio	Dividend on equity
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended June 30, 2020	—	0.00	—	6.00	6.00	88	17.4	3.2
Year ended June 30, 2021	—	0.00	—	6.00	6.00	89	26.4	3.0
Year ending June 30, 2022 (forecast)	—	0.00	—	6.00	6.00		23.9	

## 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) Because the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29), etc. is applied from the beginning of the fiscal year ending June 30, 2022, the financial results forecasts above are figures after applying this Accounting Standard, etc. Therefore, year-on-year changes are not stated.

### \* NOTE

#### (1) 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

#### (2) Number of Shares Issued (Common shares)

- (i) Number of shares issued at the end of the period (including treasury stock)
 

As of June 30, 2021:	14,934,800 shares	As of June 30, 2020:	14,796,800 shares
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- (ii) Number of treasury stock at the end of the period
 

As of June 30, 2021:	188 shares	As of June 30, 2020:	188 shares
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- (iii) Average number of shares issued during the period
 

Year ended June 30, 2021:	14,831,528 shares	Year ended June 30, 2020:	14,765,703 shares
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\* The summaries of financial results are positioned outside the scope of the audit performed by a certified public accountant or an audit corporation.

#### \* 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 Supplementary Materials for Explaining Financial Results and the Details of Results Briefings>

The Company will hold a results briefing (online) for institutional investors, securities analysts and news media on Monday, August 30, 2021. 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, August 12, 2021.

## Financial Statements

### (1) Balance Sheets

(Unit: Thousand yen)

	Previous fiscal year (As of June 30, 2020)	Fiscal year under review (As of June 30, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,214,015	3,365,770
Accounts receivable - trade	1,198,906	1,297,360
Supplies	200	159
Advance payments - trade	4,397	8,259
Prepaid expenses	95,242	136,545
Other	2,179	993
Allowance for doubtful accounts	(9)	(10)
<b>Total current assets</b>	<b>4,514,932</b>	<b>4,809,080</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	93,704	93,952
Tools, furniture and fixtures	78,230	88,119
Accumulated depreciation	(65,327)	(82,618)
<b>Total property, plant and equipment</b>	<b>106,608</b>	<b>99,453</b>
<b>Intangible assets</b>		
Goodwill	28,908	18,396
Software	449	11,434
Other	15,950	83,977
<b>Total intangible assets</b>	<b>45,308</b>	<b>113,808</b>
<b>Investments and other assets</b>		
Long-term prepaid expenses	55	31
Deferred tax assets	58,352	34,407
Leasehold and guarantee deposits	252,275	265,109
<b>Total investments and other assets</b>	<b>310,683</b>	<b>299,548</b>
<b>Total non-current assets</b>	<b>462,599</b>	<b>512,810</b>
<b>Total assets</b>	<b>4,977,532</b>	<b>5,321,891</b>

(Unit: Thousand yen)

	Previous fiscal year (As of June 30, 2020)	Fiscal year under review (As of June 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,262,867	1,560,138
Current portion of long-term loans payable	80,032	–
Accounts payable - other	391,791	331,765
Accrued expenses	2,597	2,412
Income taxes payable	215,817	32,759
Advances received	207,665	292,226
Deposits received	5,630	46,394
Other	58,104	43,207
Total current liabilities	2,224,505	2,308,904
Total liabilities	2,224,505	2,308,904
<b>Net assets</b>		
Shareholders' equity		
Capital stock	408,329	414,539
Capital surplus		
Legal capital surplus	398,329	404,539
Total capital surplus	398,329	404,539
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,946,203	2,194,043
Total retained earnings	1,946,203	2,194,043
Treasury shares	(135)	(135)
Total shareholders' equity	2,752,726	3,012,986
Share acquisition rights	300	–
Total net assets	2,753,026	3,012,986
<b>Total liabilities and net assets</b>	<b>4,977,532</b>	<b>5,321,891</b>

## (2) Statement of Income

(Unit: Thousand yen)

	Previous fiscal year (From July 1, 2019 to June 30, 2020)	Fiscal year under review (From July 1, 2020 to June 30, 2021)
Net sales	14,363,944	14,011,332
Cost of sales	9,793,585	9,489,351
Gross profit	4,570,358	4,521,981
Selling, general and administrative expenses	3,835,138	3,937,729
Operating income	735,219	584,251
Non-operating income		
Interest income	29	32
Commission fee	9,958	–
Rewards income	1,862	1,731
Subsidy income	–	6,630
Other	745	338
Total non-operating income	12,595	8,731
Non-operating expenses		
Interest expenses	595	213
Foreign exchange losses	–	112
Other	33	3
Total non-operating expenses	628	329
Ordinary income	747,186	592,653
Extraordinary income		
Gain on reversal of share acquisition rights	–	300
Total extraordinary income	–	300
Extraordinary losses		
Information security expenses	–	96,011
Total extraordinary losses	–	96,011
Net income before income taxes	747,186	496,942
Income taxes - current	254,522	136,378
Income taxes - deferred	(17,167)	23,944
Total income taxes	237,355	160,322
Net income	509,831	336,619

(3) Statement of Changes in Equity  
Previous fiscal year (From July 1, 2019 to June 30, 2020)

(Unit: Thousand yen)

	Shareholders' equity							Share acquisition rights	Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity		
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings				
				Retained earnings brought forward					
Balance at beginning of current period	395,442	385,442	385,442	1,509,268	1,509,268	(101)	2,290,051	300	2,290,351
Changes of items during period									
Issuance of new shares - exercise of share acquisition rights	12,887	12,887	12,887				25,774		25,774
Net income				509,831	509,831		509,831		509,831
Purchase of treasury shares						(34)	(34)		(34)
Dividends from retained earnings				(72,896)	(72,896)		(72,896)		(72,896)
Net changes of items other than shareholders' equity								-	-
Total changes of items during period	12,887	12,887	12,887	436,934	436,934	(34)	462,674	-	462,674
Balance at end of current period	408,329	398,329	398,329	1,946,203	1,946,203	(135)	2,752,726	300	2,753,026

Fiscal year under review (From July 1, 2020 to June 30, 2021)

(Unit: Thousand yen)

	Shareholders' equity							Share acquisition rights	Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity		
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings				
				Retained earnings brought forward					
Balance at beginning of current period	408,329	398,329	398,329	1,946,203	1,946,203	(135)	2,752,726	300	2,753,026
Changes of items during period									
Issuance of new shares - exercise of share acquisition rights	6,210	6,210	6,210				12,420		12,420
Net income				336,619	336,619		336,619		336,619
Purchase of treasury shares						-	-		-
Dividends from retained earnings				(88,779)	(88,779)		(88,779)		(88,779)
Net changes of items other than shareholders' equity								(300)	(300)
Total changes of items during period	6,210	6,210	6,210	247,840	247,840	-	260,260	(300)	259,960
Balance at end of current period	414,539	404,539	404,539	2,194,043	2,194,043	(135)	3,012,986	-	3,012,986

## (4) Statement of Cash Flows

(Unit: Thousand yen)

	Previous fiscal year (From July 1, 2019 to June 30, 2020)	Fiscal year under review (From July 1, 2020 to June 30, 2021)
<b>Cash flows from operating activities</b>		
Net income before income taxes	747,186	496,942
Depreciation	33,791	19,826
Amortization of goodwill	2,628	10,512
Information security expenses	–	96,011
Gain on reversal of share acquisition rights	–	(300)
Increase (decrease) in allowance for doubtful accounts	(5)	1
Interest income	(29)	(32)
Interest expenses	595	213
Decrease (increase) in notes and accounts receivable - trade	560,505	(98,454)
Increase (decrease) in notes and accounts payable - trade	(770,138)	297,271
Other, net	(145,736)	(25,850)
<b>Subtotal</b>	<b>428,797</b>	<b>796,140</b>
Interest income received	29	32
Interest paid	(593)	(208)
Income taxes paid	(60,699)	(311,965)
Information security expenses paid	–	(57,611)
<b>Net cash provided by (used in) operating activities</b>	<b>367,534</b>	<b>426,388</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,030)	(10,136)
Purchase of intangible assets	–	(91,891)
Payments for acquisition of businesses	(45,454)	–
Payments of leasehold and guarantee deposits	(20,200)	(16,100)
Other, net	132	–
<b>Net cash provided by (used in) investing activities</b>	<b>(70,553)</b>	<b>(118,128)</b>
<b>Cash flows from financing activities</b>		
Repayments of long-term loans payable	(79,992)	(80,032)
Dividends paid	(72,531)	(88,893)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	25,774	12,420
Purchase of treasury shares	(34)	–
<b>Net cash provided by (used in) financing activities</b>	<b>(126,783)</b>	<b>(156,505)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>170,197</b>	<b>151,755</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,043,817</b>	<b>3,214,015</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,214,015</b>	<b>3,365,770</b>