

Translation

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Summary of Non-Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 (Based on Japanese Accounting Standards)

August 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 of ordinary general meeting of shareholders: September 29, 2022
 Scheduled date of the start of dividend payments: September 30, 2022
 Scheduled date to submit annual securities report: September 29, 2022
 Supplementary material for financial results: Yes
 Briefing on financial results: No

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

1. Financial Results for the Fiscal Year Ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(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, 2022	5,168	—	404	—	426	—	326	—
Year ended June 30, 2021	14,011	(2.5)	584	(20.5)	592	(20.7)	336	(34.0)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income margin
	Yen	Yen	%	%	%
Year ended June 30, 2022	21.82	21.70	10.4	7.5	7.8
Year ended June 30, 2021	22.70	22.40	11.7	11.5	4.2

(Reference) Equity method gain or loss: Year ended June 30, 2022 — million yen
 Year ended June 30, 2021 — million yen

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 ended 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	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	6,096	3,267	53.6	217.48
As of June 30, 2021	5,321	3,012	56.6	201.75

(Reference) Shareholders' equity: As of June 30, 2022 3,267 million yen
 As of June 30, 2021 3,012 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, 2022	869	(42)	(71)	4,120
Year ended June 30, 2021	426	(118)	(156)	3,365

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, 2021	—	0.00	—	6.00	6.00	89	26.4	3.0
Year ended June 30, 2022	—	0.00	—	6.00	6.00	90	27.5	2.8
Year ending June 30, 2023 (forecast)	—	—	—	—	—		—	

(Note) As announced in Notice of Tender Offer for Shares of the Company by BCPE Bronze Cayman L.P. and Announcement of Opinion dated August 10, 2022, the Company's stock is scheduled to be delisted through the implementation of the tender offer and the series of subsequent procedures by the offeror. As a result, the dividend forecast for the fiscal year ending June 30, 2023 is not stated.

3. Financial Results Forecasts for the Fiscal Year Ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

As announced in Notice of Tender Offer for Shares of the Company by BCPE Bronze Cayman L.P. and Announcement of Opinion dated August 10, 2022, the Company's stock is scheduled to be delisted through the implementation of the tender offer and the series of subsequent procedures by the offeror. As a result, financial results forecasts for the fiscal year ending June 30, 2023 are not presented.

* NOTE

(1) 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

(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, 2022:	15,024,800 shares	As of June 30, 2021:	14,934,800 shares
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- (ii) Number of treasury stock at the end of the period

As of June 30, 2022:	188 shares	As of June 30, 2021:	188 shares
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- (iii) Average number of shares issued during the period

Year ended June 30, 2022:	14,957,445 shares	Year ended June 30, 2021:	14,831,528 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>

As announced in Notice of Tender Offer for Shares of the Company by BCPE Bronze Cayman L.P. and Announcement of Opinion dated August 10, 2022, the Company's stock is scheduled to be delisted through the implementation of the tender offer and the series of subsequent procedures by the offeror. As a result, financial results forecasts for the fiscal year ending June 30, 2023 are not presented.

<Method for Obtaining Supplementary Materials for Explaining Financial Results and the Details of Results Briefings>

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 Wednesday, August 10, 2022.

Financial Statements

(1) Balance Sheets

(Unit: Thousand yen)

	Previous fiscal year (As of June 30, 2021)	Fiscal year under review (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	3,365,770	4,120,490
Accounts receivable - trade	1,297,360	1,291,131
Supplies	159	140
Advance payments - trade	8,259	7,813
Prepaid expenses	136,545	155,077
Other	993	2,488
Allowance for doubtful accounts	(10)	(10)
Total current assets	4,809,080	5,577,131
Non-current assets		
Property, plant and equipment		
Buildings	93,952	93,952
Tools, furniture and fixtures	88,119	92,428
Accumulated depreciation	(82,618)	(100,038)
Total property, plant and equipment	99,453	86,342
Intangible assets		
Goodwill	18,396	7,884
Software	11,434	50,499
Other	83,977	80,202
Total intangible assets	113,808	138,586
Investments and other assets		
Long-term prepaid expenses	31	699
Deferred tax assets	34,407	32,048
Leasehold and guarantee deposits	265,109	261,842
Total investments and other assets	299,548	294,590
Total non-current assets	512,810	519,519
Total assets	5,321,891	6,096,650

(Unit: Thousand yen)

	Previous fiscal year (As of June 30, 2021)	Fiscal year under review (As of June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	1,560,138	2,022,979
Accounts payable - other	331,765	344,083
Accrued expenses	2,412	3,204
Income taxes payable	32,759	95,089
Advances received	292,226	317,860
Deposits received	46,394	6,706
Other	43,207	39,174
Total current liabilities	2,308,904	2,829,098
Total liabilities	2,308,904	2,829,098
Net assets		
Shareholders' equity		
Capital stock	414,539	423,439
Capital surplus		
Legal capital surplus	404,539	413,439
Total capital surplus	404,539	413,439
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,194,043	2,430,808
Total retained earnings	2,194,043	2,430,808
Treasury shares	(135)	(135)
Total shareholders' equity	3,012,986	3,267,551
Share acquisition rights	—	—
Total net assets	3,012,986	3,267,551
Total liabilities and net assets	5,321,891	6,096,650

(2) Statement of Income

(Unit: Thousand yen)

	Previous fiscal year (From July 1, 2020 to June 30, 2021)	Fiscal year under review (From July 1, 2021 to June 30, 2022)
Net sales	14,011,332	5,168,133
Cost of sales	9,489,351	1,261,643
Gross profit	4,521,981	3,906,489
Selling, general and administrative expenses	3,937,729	3,502,293
Operating income	584,251	404,196
Non-operating income		
Interest income	32	33
Rewards income	1,731	2,878
Subsidy income	6,630	—
Insurance claim income	—	18,460
Other	338	1,860
Total non-operating income	8,731	23,233
Non-operating expenses		
Interest expenses	213	—
Foreign exchange losses	112	579
Other	3	0
Total non-operating expenses	329	579
Ordinary income	592,653	426,850
Extraordinary income		
Gain on reversal of share acquisition rights	300	—
Insurance claim income	—	100,000
Total extraordinary income	300	100,000
Extraordinary losses		
Information security expenses	96,011	45,660
Total extraordinary losses	96,011	45,660
Net income before income taxes	496,942	481,190
Income taxes - current	136,378	152,457
Income taxes - deferred	23,944	2,359
Total income taxes	160,322	154,817
Net income	336,619	326,372

(3) Statement of Changes in Equity
Previous fiscal year (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
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

Fiscal year under review (From July 1, 2021 to June 30, 2022)

(Unit: Thousand yen)

	Shareholders' equity							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	414,539	404,539	404,539	2,194,043	2,194,043	(135)	3,012,986	3,012,986
Changes of items during period								
Issuance of new shares - exercise of share acquisition rights	8,900	8,900	8,900				17,800	17,800
Net income				326,372	326,372		326,372	326,372
Dividends from retained earnings				(89,607)	(89,607)		(89,607)	(89,607)
Total changes of items during period	8,900	8,900	8,900	236,765	236,765	—	254,565	254,565
Balance at end of current period	423,439	413,439	413,439	2,430,808	2,430,808	(135)	3,267,551	3,267,551

(4) Statement of Cash Flows

(Unit: Thousand yen)

	Previous fiscal year (From July 1, 2020 to June 30, 2021)	Fiscal year under review (From July 1, 2021 to June 30, 2022)
Cash flows from operating activities		
Net income before income taxes	496,942	481,190
Depreciation	19,826	30,745
Amortization of goodwill	10,512	10,512
Insurance claim income	—	(118,460)
Information security expenses	96,011	45,660
Gain on reversal of share acquisition rights	(300)	—
Increase (decrease) in allowance for doubtful accounts	1	—
Interest income	(32)	(33)
Interest expenses	213	—
Decrease (increase) in notes and accounts receivable - trade	(98,454)	6,229
Increase (decrease) in notes and accounts payable - trade	297,271	462,840
Other, net	(25,850)	9,851
Subtotal	796,140	928,534
Interest income received	32	33
Interest paid	(208)	—
Income taxes paid	(311,965)	(93,645)
Proceeds from insurance income	—	118,460
Information security expenses paid	(57,611)	(84,060)
Net cash provided by (used in) operating activities	426,388	869,322
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,136)	(4,090)
Purchase of intangible assets	(91,891)	(38,682)
Payments of leasehold and guarantee deposits	(16,100)	—
Net cash provided by (used in) investing activities	(118,128)	(42,773)
Cash flows from financing activities		
Repayments of long-term loans payable	(80,032)	—
Dividends paid	(88,893)	(89,628)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	12,420	17,800
Net cash provided by (used in) financing activities	(156,505)	(71,828)
Net increase (decrease) in cash and cash equivalents	151,755	754,719
Cash and cash equivalents at beginning of period	3,214,015	3,365,770
Cash and cash equivalents at end of period	3,365,770	4,120,490