

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2024 (Based on Japanese GAAP)

May 15, 2024

Company name: NETSTARS Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5590 URL <https://www.netstars.co.jp/>
 Representative: Representative Director and CEO Tsuyoshi Ri
 Inquiries: Director and CFO Gen Adachi TEL 03(6661)9884
 Scheduled date to file Quarterly Securities Report: May 15, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2024	826	–	(158)	–	(163)	–	(165)	–
Three months ended March 31, 2023	–	–	–	–	–	–	–	–

Note: Comprehensive income For the three months ended March 31, 2024 ¥(146) million [–%]
 For the three months ended March 31, 2023 ¥– million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2024	(9.90)		–	
Three months ended March 31, 2023	–		–	

Notes: 1. The Company did not prepare quarterly consolidated financial statements for the three months ended March 31, 2023. Therefore, the figures for the three months ended March 31, 2023 and the year-on-year changes for the three months ended March 31, 2024 are not shown.

2. Diluted earnings per share is not noted even though potential shares exist because the Company has recorded loss per share.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of March 31, 2024	30,544		6,921		22.7	
As of December 31, 2023	28,355		7,067		24.9	

Reference: Equity As of March 31, 2024 ¥6,921 million
 As of December 31, 2023 ¥7,067 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2023	–	0.00	–	0.00	0.00
Year ending December 31, 2024	–	–	–	–	–
Year ending December 31, 2024 (Forecast)	–	0.00	–	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,650	25.0	101	–	201	–	150	–	9.03

Note: Revisions to the forecast of consolidated financial results most recently announced: None

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2024
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	16,676,800 shares	As of December 31, 2023	16,676,800 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	– shares	As of December 31, 2023	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2024	16,676,800 shares	Three months ended March 31, 2023	– shares
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Notes: 1. The Company conducted a 200-for-1 share split of its common shares on June 20, 2023. Total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

2. The Company did not prepare quarterly consolidated financial statements for the three months ended March 31, 2023. Therefore, the average number of shares outstanding during the period for the three months ended March 31, 2023 is not shown.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements, etc.)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

(Means of access to contents of supplementary material on quarterly financial results and quarterly financial results briefing)

The Company plans to hold a financial results briefing for analysts and institutional investors on May 16, 2024. The recording and contents of the briefing will be available, together with the quarterly financial results briefing material used on the day, on the Company's website promptly after the briefing.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	26,522,224	28,712,660
Accounts receivable - trade	510,896	453,241
Contract assets	–	8,204
Beneficial interests in trust	1,568	1,568
Merchandise	5,465	7,627
Work in process	–	2,662
Supplies	13,311	30,542
Advance payments to suppliers	2,140	2,205
Prepaid expenses	55,399	54,568
Other	106,004	133,319
Total current assets	27,217,011	29,406,600
Non-current assets		
Property, plant and equipment	34,021	32,453
Intangible assets		
Software	644,292	595,325
Software in progress	70,058	112,530
Goodwill	11,704	9,786
Total intangible assets	726,054	717,642
Investments and other assets	378,571	387,732
Total non-current assets	1,138,647	1,137,828
Total assets	28,355,658	30,544,429
Liabilities		
Current liabilities		
Accounts payable - trade	105,355	108,958
Accounts payable - other	172,300	156,682
Accrued expenses	129,187	103,840
Income taxes payable	47,948	23,735
Accrued consumption taxes	98,858	39,821
Contract liabilities	1,411	17,852
Deposits received	20,733,123	23,159,117
Provision for bonuses	–	13,128
Total current liabilities	21,288,185	23,623,136
Total liabilities	21,288,185	23,623,136
Net assets		
Shareholders' equity		
Share capital	4,451,270	4,451,270
Capital surplus	7,686,800	7,686,800
Retained earnings	(5,140,460)	(5,305,487)
Total shareholders' equity	6,997,609	6,832,582
Accumulated other comprehensive income		
Foreign currency translation adjustment	69,862	88,710
Total accumulated other comprehensive income	69,862	88,710
Total net assets	7,067,472	6,921,292
Total liabilities and net assets	28,355,658	30,544,429

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

Three months ended
March 31, 2024

Net sales	826,536
Cost of sales	205,431
Gross profit	621,105
Selling, general and administrative expenses	779,606
Operating loss	(158,501)
Non-operating income	
Interest income	337
Subsidy income	617
Other	280
Total non-operating income	1,235
Non-operating expenses	
Foreign exchange losses	6,229
Other	178
Total non-operating expenses	6,407
Ordinary loss	(163,673)
Loss before income taxes	(163,673)
Income taxes	1,353
Loss	(165,027)
Loss attributable to owners of parent	(165,027)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

Three months ended

March 31, 2024

Loss	(165,027)
Other comprehensive income	
Foreign currency translation adjustment	18,847
Total other comprehensive income	18,847
Comprehensive income	(146,180)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(146,180)