

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

August 4, 2021

Company name: Net One Systems Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 7518 URL <https://www.netone.co.jp/>  
 Representative: President & CEO Takafumi Takeshita  
 Inquiries: Director, Finance & Accounting Department Tadao Katsumura TEL 03-6256-0615  
 Scheduled date to file Quarterly Securities Report: August 12, 2021  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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 June 30, 2021	36,846	0.9	2,058	(21.4)	2,247	(16.7)	1,590	(16.6)
Three months ended June 30, 2020	36,505	2.6	2,618	59.4	2,699	54.1	1,907	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	18.75		18.73	
Three months ended June 30, 2020	22.51		22.46	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	145,920	71,290	48.7	838.25
As of March 31, 2021	155,782	73,795	47.2	867.48

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2021	–	24.00	–	40.00	64.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	36.00	–	36.00	72.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	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
Six months ending September 30, 2021	87,000	5.6	6,700	0.5	6,700	3.3	4,700	4.2	55.46
Full year	209,000	3.4	22,000	11.8	22,000	20.8	15,000	21.7	177.01

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021  
 (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: Yes
- 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 June 30, 2021	86,000,000 shares	As of March 31, 2021	86,000,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	1,166,153 shares	As of March 31, 2021	1,257,153 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	84,828,944 shares	Three months ended June 30, 2020	84,721,502 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	32,429	41,791
Notes and accounts receivable - trade	63,027	–
Notes and accounts receivable - trade, and contract assets	–	30,908
Investments in leases	14,305	14,415
Merchandise	3,009	3,165
Goods in transit	585	259
Costs on construction contracts in progress	13,970	21,621
Supplies	27	26
Prepaid expenses	13,691	19,257
Other	1,438	1,219
Allowance for doubtful accounts	(2)	(1)
Total current assets	142,482	132,662
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	3,651	3,692
Other	853	1,196
Total property, plant and equipment	4,504	4,889
Intangible assets		
Other	1,467	1,493
Total intangible assets	1,467	1,493
Investments and other assets		
Investment securities	171	170
Deferred tax assets	3,387	3,109
Other	3,794	3,619
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	7,328	6,874
Total non-current assets	13,300	13,257
Total assets	155,782	145,920

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	21,124	15,620
Lease obligations	6,677	7,695
Accounts payable - other	2,303	1,685
Income taxes payable	4,872	264
Advances received	17,068	25,115
Asset retirement obligations	172	–
Provision for bonuses	4,866	1,118
Provision for bonuses for directors (and other officers)	34	13
Other	9,516	8,571
Total current liabilities	66,637	60,085
Non-current liabilities		
Lease obligations	14,787	13,720
Asset retirement obligations	522	782
Other	39	41
Total non-current liabilities	15,350	14,544
Total liabilities	81,987	74,630
<b>Net assets</b>		
Shareholders' equity		
Share capital	12,279	12,279
Capital surplus	19,536	19,564
Retained earnings	42,247	39,809
Treasury shares	(987)	(916)
Total shareholders' equity	73,075	70,736
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	448	381
Foreign currency translation adjustment	(10)	(6)
Total accumulated other comprehensive income	438	375
Share acquisition rights	222	117
Non-controlling interests	60	61
Total net assets	73,795	71,290
Total liabilities and net assets	155,782	145,920

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	36,505	36,846
Cost of sales	26,082	25,778
Gross profit	10,423	11,068
Selling, general and administrative expenses	7,804	9,010
Operating profit	2,618	2,058
Non-operating income		
Interest income	0	0
Foreign exchange gains	20	53
Contract research revenue from subsidiaries and associates	34	63
Sales Incentive	7	10
Other	34	75
Total non-operating income	97	202
Non-operating expenses		
Interest expenses	11	10
Other	5	2
Total non-operating expenses	17	13
Ordinary profit	2,699	2,247
Extraordinary losses		
Loss on retirement of non-current assets	0	2
Total extraordinary losses	0	2
Profit before income taxes	2,699	2,244
Income taxes - current	144	97
Income taxes - deferred	651	560
Total income taxes	795	657
Profit	1,903	1,586
Loss attributable to non-controlling interests	(3)	(3)
Profit attributable to owners of parent	1,907	1,590

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	1,903	1,586
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Deferred gains or losses on hedges	(162)	(67)
Foreign currency translation adjustment	(23)	7
Total other comprehensive income	(186)	(59)
Comprehensive income	1,716	1,527
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,732	1,527
Comprehensive income attributable to non-controlling interests	(15)	0