



October 28, 2021

To whom it may concern:

Net One Systems Co., Ltd.
(Stock Code: 7518, TSE1)

Notice regarding revision of financial forecast

Net One Systems Co., Ltd. (“Net One Systems”) hereby announces its decision to make the following revisions to its financial forecast for the first half of the fiscal year ending March 31, 2022 (April 1, 2021–September 30, 2021), which was announced on April 27, 2021, in light of recent trends in its business performance.

1. Revision of financial forecast

(1) Revisions to the consolidated financial forecast for first half of the fiscal year ending March 31, 2022 (April 1, 2021–September 30, 2021)

	Revenue	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	87,000	6,700	6,700	4,700	55.46
Revised forecast (B)	77,800	4,500	4,800	3,300	38.92
Change (B-A)	(9,200)	(2,200)	(1,900)	(1,400)	
Rate of change (%)	(10.6)	(32.8)	(28.4)	(29.8)	
(Reference) Results in the first half of the fiscal year ended March 31, 2021	82,422	6,665	6,486	4,512	53.26

2. Reasons for revisions

In the first half of the fiscal year ending March 31, 2022, Net One Systems reported strong performance in terms of orders, especially in the Telecom Carrier sector, the Public sector, and the Partner sector, and expects its order bookings for the same period to reach a record high. However, the Company also predicts that revenue will fall short of its initial forecast because revenue associated with several projects that it expected to record during the first half of the fiscal year ending March 31, 2022 will be booked in the second half due to late equipment deliveries caused by semiconductor shortages. At the same time, Net One Systems anticipates an increase in its gross profit margin stemming from growth in the proportion of earnings generated through services, which stemmed from progress in the Integrated Service business and delays impacting the booking of equipment sales. Meanwhile, SG&A expenses are expected to be commensurate with projections as the Company increases the size of its staff in pursuit of business expansion, conducts capital investment, and implements recurrence prevention measures as described in its May 13, 2021 disclosure announcement, entitled “Additional Measures to Prevent Recurrence.” As a result of these factors, all profit lines are expected to fall short of initial projections.

Despite these revisions, Net One Systems has not made any changes to its full-year forecast. It decided to maintain its existing full-year projections in part because its order backlog is increasing due to strong order acquisition and in part because it expects impact from equipment delivery delays to gradually diminish in the third quarter of the fiscal year ending March 31, 2022 as it secures inventory and implements other mitigating measures. At present, however, Net One Systems is experiencing longer delivery delays and future circumstances remain uncertain. The Company will promptly disclose any changes to its full-year financial forecast for the fiscal year ending March 31, 2022 that may arise from future developments.

Notes:

1. In accordance with its initial projections, Net One Systems plans to pay annual dividends of ¥72 per share (consisting of an interim dividend of ¥36 per share and a year-end dividend of ¥36 per share)
2. The projections above are based on information that was available to Net One Systems when this document was released. Actual results may differ from these projections due to a variety of factors.