

Translation

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

November 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: November 11, 2021  
 Scheduled date to commence dividend payments: December 2, 2021  
 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 six months ended September 30, 2021 (from April 1, 2021 to September 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	%
Six months ended September 30, 2021	77,887	(5.5)	4,518	(32.2)	4,876	(24.8)	3,390	(24.9)
Six months ended September 30, 2020	82,422	0.1	6,665	8.1	6,486	4.9	4,512	69.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	39.98		39.93	
Six months ended September 30, 2020	53.26		53.13	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	149,191	71,374	47.7	843.14
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	–	36.00			
Year ending March 31, 2022 (Forecast)			–	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
Full year	209,000	3.4	22,000	11.8	22,000	20.8	15,000	21.7	180.08

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2021	1,606,885 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)

Six months ended September 30, 2021	84,798,005 shares	Six months ended September 30, 2020	84,728,025 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	32,429	29,250
Notes and accounts receivable - trade	63,027	–
Notes and accounts receivable - trade, and contract assets	–	34,491
Investments in leases	14,305	14,711
Merchandise	3,009	6,166
Goods in transit	585	1,144
Costs on construction contracts in progress	13,970	29,918
Supplies	27	24
Prepaid expenses	13,691	17,059
Other	1,438	3,961
Allowance for doubtful accounts	(2)	(1)
Total current assets	142,482	136,727
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures, net	3,651	3,467
Other, net	853	1,173
Total property, plant and equipment	4,504	4,641
Intangible assets		
Other	1,467	1,521
Total intangible assets	1,467	1,521
Investments and other assets		
Investment securities	171	170
Deferred tax assets	3,387	2,658
Other	3,794	3,498
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	7,328	6,302
Total non-current assets	13,300	12,464
Total assets	155,782	149,191

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	21,124	18,613
Lease obligations	6,677	7,985
Accounts payable - other	2,303	1,939
Income taxes payable	4,872	798
Advances received	17,068	24,786
Asset retirement obligations	172	–
Provision for bonuses	4,866	2,253
Provision for bonuses for directors (and other officers)	34	28
Other	9,516	7,050
Total current liabilities	66,637	63,457
Non-current liabilities		
Lease obligations	14,787	13,510
Asset retirement obligations	522	808
Other	39	41
Total non-current liabilities	15,350	14,359
Total liabilities	81,987	77,817
<b>Net assets</b>		
Shareholders' equity		
Share capital	12,279	12,279
Capital surplus	19,536	19,564
Retained earnings	42,247	41,609
Treasury shares	(987)	(2,635)
Total shareholders' equity	73,075	70,817
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	448	344
Foreign currency translation adjustment	(10)	(6)
Total accumulated other comprehensive income	438	338
Share acquisition rights	222	168
Non-controlling interests	60	50
Total net assets	73,795	71,374
Total liabilities and net assets	155,782	149,191

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	82,422	77,887
Cost of sales	59,355	55,815
Gross profit	23,067	22,071
Selling, general and administrative expenses	16,402	17,552
Operating profit	6,665	4,518
Non-operating income		
Interest income	0	0
Contract research revenue from subsidiaries and associates	68	119
Sales Incentive	54	13
Dividends income of group insurance	18	56
Other	124	195
Total non-operating income	265	384
Non-operating expenses		
Interest expenses	22	20
Donations	302	–
Other	119	6
Total non-operating expenses	444	26
Ordinary profit	6,486	4,876
Extraordinary losses		
Loss on retirement of non-current assets	3	2
Total extraordinary losses	3	2
Profit before income taxes	6,483	4,873
Income taxes - current	1,672	486
Income taxes - deferred	300	1,010
Total income taxes	1,972	1,497
Profit	4,510	3,376
Loss attributable to non-controlling interests	(2)	(14)
Profit attributable to owners of parent	4,512	3,390

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

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	4,510	3,376
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Deferred gains or losses on hedges	(322)	(103)
Foreign currency translation adjustment	(6)	7
Total other comprehensive income	(329)	(96)
Comprehensive income	4,180	3,279
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,186	3,290
Comprehensive income attributable to non-controlling interests	(5)	(10)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	6,483	4,873
Depreciation	1,399	1,201
Amortization of goodwill	32	–
Share-based payment expenses	53	51
Increase (decrease) in provision for bonuses	(665)	(2,613)
Increase (decrease) in provision for bonuses for directors (and other officers)	(98)	(5)
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Interest and dividend income	(0)	(0)
Interest expenses	22	20
Loss on retirement of non-current assets	3	2
Decrease (increase) in trade receivables	20,034	–
Decrease (increase) in trade receivables and contract assets	–	35,341
Decrease (increase) in inventories	(11,013)	(19,660)
Decrease (increase) in other current assets	(1,397)	(3,168)
Increase (decrease) in trade payables	(3,159)	(2,521)
Decrease/increase in consumption taxes receivable/payable	(1,345)	(3,334)
Increase (decrease) in other current liabilities	(237)	(830)
Other, net	223	(441)
Subtotal	10,332	8,915
Interest and dividends received	0	0
Interest paid	(22)	(20)
Income taxes refund (paid)	(2,880)	(4,426)
Other, net	(82)	302
Net cash provided by (used in) operating activities	7,347	4,771
Cash flows from investing activities		
Purchase of property, plant and equipment	(261)	(738)
Purchase of intangible assets	(203)	(286)
Payments for asset retirement obligations	(0)	(172)
Loan advances	(1)	(2)
Proceeds from collection of loans receivable	4	2
Payments of leasehold deposits	(36)	(42)
Proceeds from refund of leasehold deposits	37	272
Other, net	(9)	69
Net cash provided by (used in) investing activities	(471)	(898)
Cash flows from financing activities		
Repayments of lease obligations	(779)	(671)
Purchase of treasury shares	(0)	(1,719)
Decrease (increase) in deposits for purchase of treasury shares	–	(1,277)
Dividends paid	(2,030)	(3,382)
Other, net	(12)	(0)
Net cash provided by (used in) financing activities	(2,822)	(7,051)
Effect of exchange rate change on cash and cash equivalents	(2)	(0)
Net increase (decrease) in cash and cash equivalents	4,050	(3,179)
Cash and cash equivalents at beginning of period	31,473	32,429
Cash and cash equivalents at end of period	35,523	29,250