

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 2, 2022

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: February 10, 2022
 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	122,007	(7.0)	8,261	(30.1)	8,436	(19.3)	5,227	(28.0)
Nine months ended December 31, 2020	131,147	6.6	11,819	21.4	10,451	7.0	7,261	42.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	62.09		62.01	
Nine months ended December 31, 2020	85.70		85.50	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	154,755	62,129	40.0	754.51
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 nine months ended December 31, 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 December 31, 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 December 31, 2021	3,880,065 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)

Nine months ended December 31, 2021	84,190,836 shares	Nine months ended December 31, 2020	84,732,366 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	32,429	21,448
Notes and accounts receivable - trade	63,027	–
Notes and accounts receivable - trade, and contract assets	–	32,592
Investments in leases	14,305	13,804
Merchandise	3,009	10,026
Goods in transit	585	1,083
Costs on construction contracts in progress	13,970	42,442
Supplies	27	24
Prepaid expenses	13,691	15,395
Other	1,438	6,663
Allowance for doubtful accounts	(2)	(1)
Total current assets	142,482	143,478
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures, net	3,651	3,337
Other, net	853	1,137
Total property, plant and equipment	4,504	4,475
Intangible assets		
Other	1,467	990
Total intangible assets	1,467	990
Investments and other assets		
Investment securities	171	171
Deferred tax assets	3,387	2,168
Other	3,794	3,469
Allowance for doubtful accounts	(25)	–
Total investments and other assets	7,328	5,810
Total non-current assets	13,300	11,276
Total assets	155,782	154,755

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	21,124	19,053
Short-term borrowings	2	18,002
Lease obligations	6,677	7,996
Accounts payable - other	2,303	1,655
Income taxes payable	4,872	502
Advances received	17,068	22,340
Asset retirement obligations	172	–
Provision for bonuses	4,866	1,203
Provision for bonuses for directors (and other officers)	34	43
Other	9,514	8,029
Total current liabilities	66,637	78,827
Non-current liabilities		
Lease obligations	14,787	12,948
Asset retirement obligations	522	809
Other	39	40
Total non-current liabilities	15,350	13,798
Total liabilities	81,987	92,625
Net assets		
Shareholders' equity		
Share capital	12,279	12,279
Capital surplus	19,536	19,591
Retained earnings	42,247	40,408
Treasury shares	(987)	(10,870)
Total shareholders' equity	73,075	61,408
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	448	558
Foreign currency translation adjustment	(10)	(7)
Total accumulated other comprehensive income	438	551
Share acquisition rights	222	168
Non-controlling interests	60	–
Total net assets	73,795	62,129
Total liabilities and net assets	155,782	154,755

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	131,147	122,007
Cost of sales	94,672	87,810
Gross profit	36,474	34,196
Selling, general and administrative expenses	24,655	25,935
Operating profit	11,819	8,261
Non-operating income		
Interest income	0	0
Foreign exchange gains	82	-
Contract research revenue from subsidiaries and associates	107	167
Sales Incentive	74	16
Dividends income of group insurance	18	56
Other	142	182
Total non-operating income	426	423
Non-operating expenses		
Interest expenses	36	28
Foreign exchange losses	-	79
Commission for purchase of treasury shares	-	135
Donations	1,341	-
Special survey costs, etc.	301	-
Other	114	4
Total non-operating expenses	1,794	247
Ordinary profit	10,451	8,436
Extraordinary losses		
Loss on retirement of non-current assets	3	23
Impairment losses	-	577
Total extraordinary losses	3	600
Profit before income taxes	10,447	7,835
Income taxes - current	2,446	1,171
Income taxes - deferred	747	1,499
Total income taxes	3,194	2,671
Profit	7,253	5,163
Loss attributable to non-controlling interests	(7)	(63)
Profit attributable to owners of parent	7,261	5,227

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	7,253	5,163
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Deferred gains or losses on hedges	(459)	110
Foreign currency translation adjustment	(7)	4
Total other comprehensive income	(466)	116
Comprehensive income	6,786	5,280
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,797	5,341
Comprehensive income attributable to non-controlling interests	(11)	(61)