

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

April 28, 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 of ordinary general meeting of shareholders: June 22, 2022
 Scheduled date to file Securities Report: June 23, 2022
 Scheduled date to commence dividend payments: June 23, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

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	%
Year ended March 31, 2022	188,520	(6.7)	16,790	(14.7)	16,832	(7.6)	11,225	(8.9)
Year ended March 31, 2021	202,122	8.5	19,673	19.2	18,208	11.1	12,321	25.5

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	134.15	133.98	15.8	10.6	8.9
Year ended March 31, 2021	145.42	145.09	17.8	12.5	9.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	161,713	68,547	42.3	832.48
As of March 31, 2021	155,782	73,795	47.2	867.48

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	(10,874)	(1,515)	233	20,281
Year ended March 31, 2021	9,800	(3,336)	(5,505)	32,429

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	—	24.00	—	40.00	64.00	5,423	44.0	7.8
Year ended March 31, 2022	—	36.00	—	36.00	72.00	5,994	53.7	8.5
Year ending March 31, 2023 (Forecast)	—	37.00	—	37.00	74.00		43.4	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	96,000	23.3	8,200	81.5	7,700	57.9	5,200	53.4	63.32
Full year	210,000	11.4	22,000	31.0	21,000	24.8	14,000	24.7	170.48

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2022	83,267,300 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 March 31, 2022	1,147,475 shares	As of March 31, 2021	1,257,153 shares
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Average number of shares during the period

Year ended March 31, 2022	83,680,177 shares	Year ended March 31, 2021	84,734,973 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	32,429	20,281
Notes and accounts receivable - trade	63,027	–
Notes and accounts receivable - trade, and contract assets	–	51,362
Investments in leases	14,305	16,051
Merchandise	3,009	11,172
Goods in transit	585	310
Costs on uncompleted construction contracts	13,970	32,419
Supplies	27	26
Prepaid expenses	13,691	13,701
Other	1,438	4,009
Allowance for doubtful accounts	(2)	(1)
Total current assets	142,482	149,334
Non-current assets		
Property, plant and equipment		
Buildings	3,583	4,090
Accumulated depreciation and impairment	(2,729)	(2,669)
Buildings, net	853	1,420
Tools, furniture and fixtures	20,743	19,850
Accumulated depreciation and impairment	(17,092)	(16,542)
Tools, furniture and fixtures, net	3,651	3,308
Total property, plant and equipment	4,504	4,728
Intangible assets		
Other	1,467	1,070
Total intangible assets	1,467	1,070
Investments and other assets		
Investment securities	171	147
Long-term loans receivable	1	1
Deferred tax assets	3,387	2,955
Other	3,792	3,475
Allowance for doubtful accounts	(25)	–
Total investments and other assets	7,328	6,579
Total non-current assets	13,300	12,378
Total assets	155,782	161,713

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	21,124	18,988
Short-term borrowings	2	18,002
Lease liabilities	6,677	8,642
Accounts payable - other	2,303	2,036
Income taxes payable	4,872	1,461
Advances received	17,068	18,858
Asset retirement obligations	172	–
Provision for bonuses	4,866	2,474
Provision for bonuses for directors (and other officers)	34	59
Other	9,514	7,394
Total current liabilities	66,637	77,918
Non-current liabilities		
Lease liabilities	14,787	14,392
Asset retirement obligations	522	814
Other	39	41
Total non-current liabilities	15,350	15,247
Total liabilities	81,987	93,165
Net assets		
Shareholders' equity		
Share capital	12,279	12,279
Capital surplus	19,536	19,453
Retained earnings	42,247	38,888
Treasury shares	(987)	(3,214)
Total shareholders' equity	73,075	67,406
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	–
Deferred gains or losses on hedges	448	978
Foreign currency translation adjustment	(10)	(22)
Total accumulated other comprehensive income	438	956
Share acquisition rights	222	168
Non-controlling interests	60	15
Total net assets	73,795	68,547
Total liabilities and net assets	155,782	161,713

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	202,122	188,520
Cost of sales	146,209	136,734
Gross profit	55,913	51,786
Selling, general and administrative expenses	36,239	34,995
Operating profit	19,673	16,790
Non-operating income		
Interest income	0	0
Contract research revenue from subsidiaries and associates	153	188
Sales Incentive	91	24
Dividends income of group insurance	21	60
Insurance claim income	–	70
Other	319	273
Total non-operating income	586	616
Non-operating expenses		
Interest expenses	47	157
Foreign exchange losses	221	192
Commission for purchase of treasury shares	–	135
Donations	1,354	–
Special survey costs, etc.	306	–
Other	122	90
Total non-operating expenses	2,051	574
Ordinary profit	18,208	16,832
Extraordinary income		
Gain on sale of investment securities	–	92
Total extraordinary income	–	92
Extraordinary losses		
Loss on retirement of non-current assets	14	24
Impairment losses	–	581
Total extraordinary losses	14	605
Profit before income taxes	18,193	16,319
Income taxes - current	6,661	4,428
Income taxes - deferred	(786)	713
Total income taxes	5,875	5,142
Profit	12,318	11,176
Loss attributable to non-controlling interests	(3)	(49)
Profit attributable to owners of parent	12,321	11,225

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	12,318	11,176
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Deferred gains or losses on hedges	154	530
Foreign currency translation adjustment	(5)	(23)
Total other comprehensive income	148	506
Comprehensive income	12,466	11,682
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,473	11,743
Comprehensive income attributable to non-controlling interests	(6)	(61)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,279	19,503	33,992	(1,007)	64,767
Changes during period					
Dividends of surplus			(4,066)		(4,066)
Profit attributable to owners of parent			12,321		12,321
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		32		19	52
Net changes in items other than shareholders' equity					
Total changes during period	–	32	8,255	19	8,307
Balance at end of period	12,279	19,536	42,247	(987)	73,075

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	–	293	(7)	286	180	103	65,337
Changes during period							
Dividends of surplus							(4,066)
Profit attributable to owners of parent							12,321
Purchase of treasury shares							(0)
Disposal of treasury shares							52
Net changes in items other than shareholders' equity	0	154	(2)	151	41	(42)	150
Total changes during period	0	154	(2)	151	41	(42)	8,457
Balance at end of period	0	448	(10)	438	222	60	73,795

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,279	19,536	42,247	(987)	73,075
Cumulative effects of changes in accounting policies			(638)		(638)
Restated balance	12,279	19,536	41,608	(987)	72,436
Changes during period					
Dividends of surplus			(6,427)		(6,427)
Profit attributable to owners of parent			11,225		11,225
Purchase of treasury shares				(10,000)	(10,000)
Cancellation of treasury shares		(7,656)		7,656	–
Disposal of treasury shares		55		117	172
Transfer from retained earnings to capital surplus		7,518	(7,518)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(82)	(2,720)	(2,226)	(5,029)
Balance at end of period	12,279	19,453	38,888	(3,214)	67,406

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	0	448	(10)	438	222	60	73,795
Cumulative effects of changes in accounting policies							(638)
Restated balance	0	448	(10)	438	222	60	73,156
Changes during period							
Dividends of surplus							(6,427)
Profit attributable to owners of parent							11,225
Purchase of treasury shares							(10,000)
Cancellation of treasury shares							–
Disposal of treasury shares							172
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	(0)	530	(12)	518	(53)	(44)	420
Total changes during period	(0)	530	(12)	518	(53)	(44)	(4,608)
Balance at end of period	–	978	(22)	956	168	15	68,547

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	18,193	16,319
Depreciation	2,962	2,446
Impairment losses	–	581
Amortization of goodwill	64	–
Share-based payment expenses	53	51
Increase (decrease) in provision for bonuses	1,557	(2,391)
Increase (decrease) in provision for bonuses for directors (and other officers)	(120)	25
Increase (decrease) in allowance for doubtful accounts	0	(1)
Interest and dividend income	(0)	(0)
Interest expenses	47	157
Loss (gain) on sale of investment securities	–	(92)
Special survey costs, etc.	306	–
Loss on retirement of non-current assets	14	24
Decrease (increase) in trade receivables	(9,977)	–
Decrease (increase) in trade receivables and contract assets	–	12,554
Decrease (increase) in inventories	(2,029)	(26,332)
Decrease (increase) in other current assets	1,119	537
Increase (decrease) in trade payables	1,229	(2,159)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	580	(3,843)
Increase (decrease) in other current liabilities	703	(718)
Other, net	1,226	(717)
Subtotal	15,931	(3,558)
Interest and dividends received	0	0
Interest paid	(47)	(156)
Special survey costs, etc. paid	(203)	–
Income taxes refund (paid)	(4,970)	(7,758)
Other, net	(910)	599
Net cash provided by (used in) operating activities	9,800	(10,874)
Cash flows from investing activities		
Purchase of property, plant and equipment	(826)	(1,149)
Purchase of intangible assets	(690)	(595)
Payments for asset retirement obligations	–	(172)
Proceeds from sale of investment securities	–	115
Loan advances	(4)	(4)
Proceeds from collection of loans receivable	8	4
Payments of leasehold deposits	(1,828)	(44)
Proceeds from refund of leasehold deposits	–	276
Other, net	5	54
Net cash provided by (used in) investing activities	(3,336)	(1,515)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	–	18,000
Repayments of lease liabilities	(1,424)	(1,348)
Purchase of treasury shares	–	(10,000)
Dividends paid	(4,061)	(6,415)
Other, net	(19)	(1)
Net cash provided by (used in) financing activities	(5,505)	233
Effect of exchange rate change on cash and cash equivalents	(2)	7
Net increase (decrease) in cash and cash equivalents	956	(12,148)
Cash and cash equivalents at beginning of period	31,473	32,429
Cash and cash equivalents at end of period	32,429	20,281