

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

August 3, 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: August 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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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, 2022	36,511	(0.9)	2,756	33.9	3,056	36.0	1,470	(7.5)
Three months ended June 30, 2021	36,846	0.9	2,058	(21.4)	2,247	(16.7)	1,590	(16.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	17.90		17.88	
Three months ended June 30, 2021	18.75		18.73	

(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, 2022	165,042	69,616	42.1	845.35
As of March 31, 2022	161,713	68,547	42.3	832.48

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, 2022	–	36.00	–	36.00	72.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	37.00	–	37.00	74.00

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 three months ended June 30, 2022
 (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: No
- Changes in accounting policies due to other reasons: Yes
- 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, 2022	83,267,300 shares	As of March 31, 2022	83,267,300 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	1,125,101 shares	As of March 31, 2022	1,147,475 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, 2022	82,140,584 shares	Three months ended June 30, 2021	84,828,944 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	20,281	30,400
Notes and accounts receivable - trade, and contract assets	51,362	30,963
Investments in leases	16,051	14,868
Merchandise	11,172	9,963
Goods in transit	310	842
Costs on construction contracts in progress	32,419	38,752
Supplies	26	22
Prepaid expenses	13,701	19,757
Other	4,009	7,237
Allowance for doubtful accounts	(1)	(0)
Total current assets	149,334	152,806
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures, net	3,308	3,363
Other, net	1,420	1,427
Total property, plant and equipment	4,728	4,790
Intangible assets		
Other	1,070	1,122
Total intangible assets	1,070	1,122
Investments and other assets		
Investment securities	147	147
Deferred tax assets	2,955	2,713
Other	3,477	3,462
Total investments and other assets	6,579	6,323
Total non-current assets	12,378	12,235
Total assets	161,713	165,042

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	18,988	12,108
Short-term borrowings	18,002	17,502
Lease liabilities	8,642	8,297
Accounts payable - other	2,036	1,542
Income taxes payable	1,461	1,614
Advances received	18,858	29,427
Provision for bonuses	2,474	1,200
Provision for bonuses for directors (and other officers)	59	11
Other	7,394	9,268
Total current liabilities	77,918	80,974
Non-current liabilities		
Lease liabilities	14,392	13,593
Asset retirement obligations	814	815
Other	41	42
Total non-current liabilities	15,247	14,452
Total liabilities	93,165	95,426
Net assets		
Shareholders' equity		
Share capital	12,279	12,279
Capital surplus	19,453	19,453
Retained earnings	38,888	37,363
Treasury shares	(3,214)	(3,151)
Total shareholders' equity	67,406	65,945
Accumulated other comprehensive income		
Deferred gains or losses on hedges	978	3,529
Foreign currency translation adjustment	(22)	(36)
Total accumulated other comprehensive income	956	3,493
Share acquisition rights	168	143
Non-controlling interests	15	33
Total net assets	68,547	69,616
Total liabilities and net assets	161,713	165,042

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, 2021	Three months ended June 30, 2022
Net sales	36,846	36,511
Cost of sales	25,778	26,363
Gross profit	11,068	10,147
Selling, general and administrative expenses	9,010	7,391
Operating profit	2,058	2,756
Non-operating income		
Interest income	0	0
Foreign exchange gains	53	351
Contract research revenue from subsidiaries and associates	63	1
Sales Incentive	10	0
Other	75	19
Total non-operating income	202	372
Non-operating expenses		
Interest expenses	10	73
Other	2	0
Total non-operating expenses	13	73
Ordinary profit	2,247	3,056
Extraordinary losses		
Loss on retirement of non-current assets	2	-
Total extraordinary losses	2	-
Profit before income taxes	2,244	3,056
Income taxes - current	97	1,326
Income taxes - deferred	560	242
Total income taxes	657	1,569
Profit	1,586	1,486
Profit (loss) attributable to non-controlling interests	(3)	16
Profit attributable to owners of parent	1,590	1,470

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	1,586	1,486
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	–
Deferred gains or losses on hedges	(67)	2,550
Foreign currency translation adjustment	7	(26)
Total other comprehensive income	(59)	2,523
Comprehensive income	1,527	4,010
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,527	4,007
Comprehensive income attributable to non-controlling interests	0	3