

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 1, 2023

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 9, 2023
 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, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	139,699	14.5	13,015	57.5	12,800	51.7	9,709	85.7
Nine months ended December 31, 2021	122,007	(7.0)	8,261	(30.1)	8,436	(19.3)	5,227	(28.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	118.16		118.03	
Nine months ended December 31, 2021	62.09		62.01	

(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, 2022	173,194	70,041	40.3	849.35
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	–	37.00	–		
Year ending March 31, 2023 (Forecast)				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
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 nine months ended December 31, 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 December 31, 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 December 31, 2022	1,077,321 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)

Nine months ended December 31, 2022	82,168,214 shares	Nine months ended December 31, 2021	84,190,836 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	20,281	34,799
Notes and accounts receivable - trade, and contract assets	51,362	35,946
Investments in leases	16,051	16,751
Merchandise	11,172	9,187
Goods in transit	310	1,347
Costs on construction contracts in progress	32,419	43,883
Supplies	26	24
Prepaid expenses	13,701	15,937
Other	4,009	857
Allowance for doubtful accounts	(1)	(1)
Total current assets	149,334	158,733
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures, net	3,308	3,361
Other, net	1,420	3,624
Total property, plant and equipment	4,728	6,985
Intangible assets		
Other	1,070	1,367
Total intangible assets	1,070	1,367
Investments and other assets		
Investment securities	147	147
Deferred tax assets	2,955	2,507
Other	3,477	3,452
Total investments and other assets	6,579	6,107
Total non-current assets	12,378	14,461
Total assets	161,713	173,194

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	18,988	24,631
Short-term borrowings	18,002	15,002
Lease liabilities	8,642	8,735
Accounts payable - other	2,036	2,356
Income taxes payable	1,461	647
Advances received	18,858	22,080
Asset retirement obligations	–	188
Provision for bonuses	2,474	1,288
Provision for bonuses for directors (and other officers)	59	32
Other	7,394	11,145
Total current liabilities	77,918	86,110
Non-current liabilities		
Lease liabilities	14,392	14,766
Asset retirement obligations	814	629
Other	41	1,646
Total non-current liabilities	15,247	17,042
Total liabilities	93,165	103,153
Net assets		
Shareholders' equity		
Share capital	12,279	12,279
Capital surplus	19,453	19,453
Retained earnings	38,888	42,563
Treasury shares	(3,214)	(3,017)
Total shareholders' equity	67,406	71,279
Accumulated other comprehensive income		
Deferred gains or losses on hedges	978	(1,510)
Foreign currency translation adjustment	(22)	39
Total accumulated other comprehensive income	956	(1,471)
Share acquisition rights	168	143
Non-controlling interests	15	89
Total net assets	68,547	70,041
Total liabilities and net assets	161,713	173,194

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, 2021	Nine months ended December 31, 2022
Net sales	122,007	139,699
Cost of sales	87,810	105,119
Gross profit	34,196	34,580
Selling, general and administrative expenses	25,935	21,565
Operating profit	8,261	13,015
Non-operating income		
Interest income	0	1
Contract research revenue from subsidiaries and associates	167	–
Sales Incentive	16	12
Dividends income of group insurance	56	64
Other	182	121
Total non-operating income	423	199
Non-operating expenses		
Interest expenses	28	186
Foreign exchange losses	79	214
Commission for purchase of treasury shares	135	–
Other	4	12
Total non-operating expenses	247	413
Ordinary profit	8,436	12,800
Extraordinary income		
Gain on sale of investment securities	–	4
Total extraordinary income	–	4
Extraordinary losses		
Loss on retirement of non-current assets	23	3
Impairment losses	577	–
Total extraordinary losses	600	3
Profit before income taxes	7,835	12,802
Income taxes - current	1,171	2,605
Income taxes - deferred	1,499	448
Total income taxes	2,671	3,053
Profit	5,163	9,748
Profit (loss) attributable to non-controlling interests	(63)	39
Profit attributable to owners of parent	5,227	9,709

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	5,163	9,748
Other comprehensive income		
Valuation difference on available-for-sale securities	0	–
Deferred gains or losses on hedges	110	(2,489)
Foreign currency translation adjustment	4	120
Total other comprehensive income	116	(2,368)
Comprehensive income	5,280	7,379
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,341	7,281
Comprehensive income attributable to non-controlling interests	(61)	98