

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 3, 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 Hiroyuki Tazaki TEL 03-6256-0615
 Scheduled date to file Quarterly Securities Report: August 10, 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	42,588	16.6	1,665	(39.6)	1,502	(50.8)	1,014	(31.0)
Three months ended June 30, 2022	36,511	(0.9)	2,756	33.9	3,056	36.0	1,470	(7.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	12.34		12.33	
Three months ended June 30, 2022	17.90		17.88	

(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, 2023	174,996	74,822	42.7	908.72
As of March 31, 2023	178,651	75,764	42.3	920.08

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, 2023	–	37.00	–	37.00	74.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		43.00	–	43.00	86.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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, 2023	93,000	0.3	8,500	2.2	8,400	(3.3)	5,800	12.1	71.61
Full year	220,000	4.9	24,600	19.2	24,400	18.1	17,000	17.6	213.03

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023
 (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: 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 June 30, 2023	83,267,300 shares	As of March 31, 2023	83,267,300 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2023	1,072,861 shares	As of March 31, 2023	1,077,321 shares
---------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	82,194,274 shares	Three months ended June 30, 2022	82,140,584 shares
----------------------------------	-------------------	----------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	35,509	36,183
Notes and accounts receivable - trade, and contract assets	51,383	33,109
Lease receivables and investments in leases	21,394	20,103
Merchandise	7,373	6,853
Goods in transit	230	1,028
Costs on construction contracts in progress	30,274	35,774
Supplies	25	27
Prepaid expenses	14,242	22,221
Other	674	2,626
Allowance for doubtful accounts	(0)	(1)
Total current assets	161,106	157,926
Non-current assets		
Property, plant and equipment		
Buildings, net	721	5,793
Tools, furniture and fixtures, net	3,760	4,002
Construction in progress	5,015	–
Total property, plant and equipment	9,497	9,796
Intangible assets		
Other	1,523	1,658
Total intangible assets	1,523	1,658
Investments and other assets		
Investment securities	146	72
Deferred tax assets	3,216	2,381
Other	3,160	3,160
Total investments and other assets	6,523	5,615
Total non-current assets	17,545	17,070
Total assets	178,651	174,996

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	17,581	14,085
Short-term borrowings	8,000	8,000
Lease liabilities	9,977	10,073
Accounts payable - other	4,971	4,331
Income taxes payable	4,200	260
Advances received	20,805	29,043
Asset retirement obligations	191	191
Provision for bonuses	2,859	1,282
Provision for bonuses for directors (and other officers)	32	34
Other	11,462	9,909
Total current liabilities	80,084	77,212
Non-current liabilities		
Provision for executive officers' retirement benefits	–	240
Lease liabilities	18,574	19,671
Asset retirement obligations	2,172	2,017
Long-term accounts payable - other	2,054	1,032
Total non-current liabilities	22,802	22,961
Total liabilities	102,887	100,173
Net assets		
Shareholders' equity		
Share capital	12,279	12,279
Capital surplus	19,453	19,454
Retained earnings	47,312	45,286
Treasury shares	(3,017)	(3,004)
Total shareholders' equity	76,029	74,015
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(408)	676
Total accumulated other comprehensive income	(408)	676
Share acquisition rights	143	130
Total net assets	75,764	74,822
Total liabilities and net assets	178,651	174,996

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, 2022	Three months ended June 30, 2023
Net sales	36,511	42,588
Cost of sales	26,363	32,217
Gross profit	10,147	10,371
Selling, general and administrative expenses	7,391	8,706
Operating profit	2,756	1,665
Non-operating income		
Interest income	0	0
Foreign exchange gains	351	–
Contract research revenue from subsidiaries and associates	1	–
Sales Incentive	0	6
Commission income	3	14
Other	16	17
Total non-operating income	372	38
Non-operating expenses		
Interest expenses	73	62
Foreign exchange losses	–	54
Other	0	84
Total non-operating expenses	73	201
Ordinary profit	3,056	1,502
Extraordinary losses		
Loss on retirement of non-current assets	–	3
Total extraordinary losses	–	3
Profit before income taxes	3,056	1,498
Income taxes - current	1,326	127
Income taxes - deferred	242	356
Total income taxes	1,569	483
Profit	1,486	1,014
Profit attributable to non-controlling interests	16	–
Profit attributable to owners of parent	1,470	1,014

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	1,486	1,014
Other comprehensive income		
Deferred gains or losses on hedges	2,550	1,084
Foreign currency translation adjustment	(26)	–
Total other comprehensive income	2,523	1,084
Comprehensive income	4,010	2,099
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,007	2,099
Comprehensive income attributable to non-controlling interests	3	–