

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 2, 2024

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: February 9, 2024  
 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, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	143,013	2.4	12,095	(7.1)	11,636	(9.1)	7,937	(18.2)
Nine months ended December 31, 2022	139,699	14.5	13,015	57.5	12,800	51.7	9,709	85.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	97.65		97.55	
Nine months ended December 31, 2022	118.16		118.03	

(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, 2023	161,618	70,417	43.5	886.36
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	–	37.00	–		
Year ending March 31, 2024 (Forecast)				37.00	74.00

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
Full year	201,000	(4.1)	16,500	(20.0)	16,100	(22.1)	10,900	(24.6)	136.25

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2023	83,267,300 shares	As of March 31, 2023	83,267,300 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	3,969,207 shares	As of March 31, 2023	1,077,321 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, 2023	81,286,218 shares	Nine months ended December 31, 2022	82,168,214 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	35,509	28,176
Notes and accounts receivable - trade, and contract assets	51,383	36,159
Lease receivables and investments in leases	21,394	18,702
Merchandise	7,373	5,408
Goods in transit	230	730
Costs on construction contracts in progress	30,274	36,961
Supplies	25	26
Prepaid expenses	14,242	17,192
Other	674	1,558
Allowance for doubtful accounts	(0)	(1)
Total current assets	161,106	144,914
Non-current assets		
Property, plant and equipment		
Buildings, net	721	5,338
Tools, furniture and fixtures, net	3,760	3,741
Construction in progress	5,015	–
Total property, plant and equipment	9,497	9,080
Intangible assets		
Other	1,523	2,186
Total intangible assets	1,523	2,186
Investments and other assets		
Investment securities	146	72
Deferred tax assets	3,216	2,347
Other	3,160	3,016
Total investments and other assets	6,523	5,436
Total non-current assets	17,545	16,703
Total assets	178,651	161,618

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	17,581	11,488
Short-term borrowings	8,000	12,000
Lease liabilities	9,977	9,864
Accounts payable - other	4,971	2,635
Income taxes payable	4,200	517
Advances received	20,805	22,350
Asset retirement obligations	191	337
Provision for bonuses	2,859	1,415
Provision for bonuses for directors (and other officers)	32	102
Other	11,462	9,444
<b>Total current liabilities</b>	<b>80,084</b>	<b>70,155</b>
<b>Non-current liabilities</b>		
Provision for executive officers' retirement benefits	–	240
Lease liabilities	18,574	17,960
Asset retirement obligations	2,172	1,812
Long-term accounts payable - other	2,054	1,032
<b>Total non-current liabilities</b>	<b>22,802</b>	<b>21,045</b>
<b>Total liabilities</b>	<b>102,887</b>	<b>91,200</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	12,279	12,279
Capital surplus	19,453	19,474
Retained earnings	47,312	49,209
Treasury shares	(3,017)	(10,330)
<b>Total shareholders' equity</b>	<b>76,029</b>	<b>70,632</b>
<b>Accumulated other comprehensive income</b>		
Deferred gains or losses on hedges	(408)	(345)
<b>Total accumulated other comprehensive income</b>	<b>(408)</b>	<b>(345)</b>
Share acquisition rights	143	130
<b>Total net assets</b>	<b>75,764</b>	<b>70,417</b>
<b>Total liabilities and net assets</b>	<b>178,651</b>	<b>161,618</b>

## 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, 2022	Nine months ended December 31, 2023
Net sales	139,699	143,013
Cost of sales	105,119	105,986
Gross profit	34,580	37,027
Selling, general and administrative expenses	21,565	24,932
Operating profit	13,015	12,095
Non-operating income		
Interest income	1	0
Dividend income	20	60
Sales Incentive	12	49
Dividends income of group insurance	64	47
Other	100	73
Total non-operating income	199	230
Non-operating expenses		
Interest expenses	186	179
Foreign exchange losses	214	217
Commission for purchase of treasury shares	–	164
Compensation expenses	–	104
Other	12	22
Total non-operating expenses	413	688
Ordinary profit	12,800	11,636
Extraordinary income		
Gain on sale of investment securities	4	–
Total extraordinary income	4	–
Extraordinary losses		
Loss on retirement of non-current assets	3	12
Loss on sale of membership	–	0
Total extraordinary losses	3	12
Profit before income taxes	12,802	11,624
Income taxes - current	2,605	2,844
Income taxes - deferred	448	841
Total income taxes	3,053	3,686
Profit	9,748	7,937
Profit attributable to non-controlling interests	39	–
Profit attributable to owners of parent	9,709	7,937

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	9,748	7,937
Other comprehensive income		
Deferred gains or losses on hedges	(2,489)	62
Foreign currency translation adjustment	120	–
Total other comprehensive income	(2,368)	62
Comprehensive income	7,379	8,000
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,281	8,000
Comprehensive income attributable to non-controlling interests	98	–