

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2024
(Based on Japanese GAAP)**

May 8, 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 of ordinary general meeting of shareholders: June 26, 2024
 Scheduled date to file Securities Report: June 27, 2024
 Scheduled date to commence dividend payments: June 27, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	205,127	(2.2)	19,533	(5.3)	19,151	(7.3)	13,720	(5.1)
Year ended March 31, 2023	209,680	11.2	20,635	22.9	20,660	22.7	14,458	28.8

	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, 2024	169.82	169.65	18.0	11.1	9.5
Year ended March 31, 2023	175.95	175.76	20.1	12.1	9.8

(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, 2024	164,909	76,814	46.5	967.03
As of March 31, 2023	178,651	75,764	42.3	920.08

(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, 2024	23,872	(4,542)	(22,803)	32,035
Year ended March 31, 2023	34,183	(1,654)	(17,332)	35,509

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, 2023	—	37.00	—	37.00	74.00	6,082	42.1	8.4
Year ended March 31, 2024	—	37.00	—	40.00	77.00	6,172	45.3	8.2
Year ending March 31, 2025 (Forecast)	—	43.00	—	43.00	86.00		47.4	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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, 2024	91,200	(2.1)	5,800	(8.6)	5,800	(6.5)	4,100	(2.6)	51.70
Full year	220,000	7.3	21,000	7.5	20,800	8.6	14,400	5.0	181.59

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(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: No

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, 2024	80,308,700 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 March 31, 2024	1,010,607 shares	As of March 31, 2023	1,077,321 shares
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Average number of shares during the period

Year ended March 31, 2024	80,791,903 shares	Year ended March 31, 2023	82,173,581 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	35,509	32,035
Notes and accounts receivable - trade, and contract assets	51,383	46,180
Lease receivables and investments in leases	21,394	18,206
Merchandise	7,373	3,184
Goods in transit	230	907
Costs on uncompleted construction contracts	30,274	29,580
Supplies	25	22
Prepaid expenses	14,242	16,004
Other	674	1,367
Allowance for doubtful accounts	(0)	(1)
Total current assets	161,106	147,488
Non-current assets		
Property, plant and equipment		
Buildings	3,582	8,430
Accumulated depreciation	(2,860)	(3,320)
Buildings, net	721	5,109
Tools, furniture and fixtures	20,417	20,585
Accumulated depreciation	(16,656)	(16,800)
Tools, furniture and fixtures, net	3,760	3,785
Construction in progress	5,015	–
Total property, plant and equipment	9,497	8,895
Intangible assets		
Other	1,523	2,644
Total intangible assets	1,523	2,644
Investments and other assets		
Investment securities	146	50
Long-term loans receivable	1	0
Deferred tax assets	3,216	2,809
Other	3,159	3,020
Total investments and other assets	6,523	5,881
Total non-current assets	17,545	17,420
Total assets	178,651	164,909

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	17,581	16,940
Short-term borrowings	8,000	–
Lease liabilities	9,977	9,842
Accounts payable - other	4,971	3,914
Income taxes payable	4,200	2,271
Advances received	20,805	20,701
Asset retirement obligations	191	325
Provision for bonuses	2,859	2,330
Provision for bonuses for directors (and other officers)	32	77
Other	11,462	10,297
Total current liabilities	80,084	66,703
Non-current liabilities		
Provision for executive officers' retirement benefits	–	220
Lease liabilities	18,574	18,688
Asset retirement obligations	2,172	1,449
Long-term accounts payable - other	2,054	1,032
Total non-current liabilities	22,802	21,391
Total liabilities	102,887	88,094
Net assets		
Shareholders' equity		
Share capital	12,279	12,279
Capital surplus	19,453	19,453
Retained earnings	47,312	47,312
Treasury shares	(3,017)	(2,630)
Total shareholders' equity	76,029	76,414
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(408)	268
Total accumulated other comprehensive income	(408)	268
Share acquisition rights	143	130
Total net assets	75,764	76,814
Total liabilities and net assets	178,651	164,909

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	209,680	205,127
Cost of sales	159,312	152,571
Gross profit	50,367	52,555
Selling, general and administrative expenses	29,731	33,022
Operating profit	20,635	19,533
Non-operating income		
Interest income	0	0
Dividend income	89	60
Sales Incentive	9	69
Dividends income of group insurance	69	52
Insurance claim income	–	53
Compensation income	–	57
Foreign exchange gains	10	–
Other	128	65
Total non-operating income	308	359
Non-operating expenses		
Interest expenses	240	242
Foreign exchange losses	–	193
Commission for purchase of treasury shares	–	164
Commission expenses	29	13
Compensation expenses	–	104
Other	14	22
Total non-operating expenses	283	741
Ordinary profit	20,660	19,151
Extraordinary income		
Gain on sale of investment securities	11	–
Gain on sale of shares of subsidiaries	110	–
Gain on liquidation of subsidiaries	75	–
Total extraordinary income	197	–
Extraordinary losses		
Loss on retirement of non-current assets	14	56
Loss on sale of membership	–	0
Loss on liquidation of business	476	–
Total extraordinary losses	490	56
Profit before income taxes	20,366	19,094
Income taxes - current	5,970	5,265
Income taxes - deferred	(110)	108
Total income taxes	5,859	5,374
Profit	14,506	13,720
Profit attributable to non-controlling interests	47	–
Profit attributable to owners of parent	14,458	13,720

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	14,506	13,720
Other comprehensive income		
Deferred gains or losses on hedges	(1,386)	676
Foreign currency translation adjustment	44	–
Total other comprehensive income	(1,342)	676
Comprehensive income	13,164	14,397
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,094	14,397
Comprehensive income attributable to non-controlling interests	69	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,279	19,453	38,888	(3,214)	67,406
Changes during period					
Dividends of surplus			(5,997)		(5,997)
Profit attributable to owners of parent			14,458		14,458
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(36)		197	160
Transfer from retained earnings to capital surplus		36	(36)		–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	8,424	197	8,622
Balance at end of period	12,279	19,453	47,312	(3,017)	76,029

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	978	(22)	956	168	15	68,547
Changes during period						
Dividends of surplus						(5,997)
Profit attributable to owners of parent						14,458
Purchase of treasury shares						(0)
Disposal of treasury shares						160
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	(1,386)	22	(1,364)	(24)	(15)	(1,404)
Total changes during period	(1,386)	22	(1,364)	(24)	(15)	7,217
Balance at end of period	(408)	–	(408)	143	–	75,764

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,279	19,453	47,312	(3,017)	76,029
Changes during period					
Dividends of surplus			(6,041)		(6,041)
Profit attributable to owners of parent			13,720		13,720
Purchase of treasury shares				(7,499)	(7,499)
Cancellation of treasury shares		(7,700)		7,700	-
Disposal of treasury shares		20		186	206
Transfer from retained earnings to capital surplus		7,680	(7,680)		-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(0)	386	385
Balance at end of period	12,279	19,453	47,312	(2,630)	76,414

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	(408)	(408)	143	75,764
Changes during period				
Dividends of surplus				(6,041)
Profit attributable to owners of parent				13,720
Purchase of treasury shares				(7,499)
Cancellation of treasury shares				-
Disposal of treasury shares				206
Transfer from retained earnings to capital surplus				-
Net changes in items other than shareholders' equity	676	676	(13)	663
Total changes during period	676	676	(13)	1,049
Balance at end of period	268	268	130	76,814

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	20,366	19,094
Depreciation	2,291	3,552
Share-based payment expenses	136	193
Increase (decrease) in provision for bonuses	414	(529)
Increase (decrease) in provision for bonuses for directors (and other officers)	(22)	44
Increase (decrease) in allowance for doubtful accounts	2	0
Increase (decrease) in provision for executive officer's retirement benefits	–	220
Interest and dividend income	(90)	(60)
Commission expenses	29	13
Interest expenses	240	242
Compensation expenses	–	104
Loss (gain) on sale of shares of subsidiaries	(110)	–
Loss on liquidation of business	476	–
Loss (gain) on liquidation of subsidiaries	(75)	–
Loss (gain) on sale of investment securities	(11)	–
Loss on retirement of non-current assets	14	56
Decrease (increase) in trade receivables and contract assets	1,262	5,099
Decrease (increase) in inventories	5,763	4,207
Decrease (increase) in other current assets	257	1,684
Increase (decrease) in trade payables	(761)	(640)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	5,493	(1,177)
Increase (decrease) in other current liabilities	1,762	(834)
Other, net	32	(258)
Subtotal	37,473	31,012
Interest and dividends received	90	60
Interest paid	(218)	(200)
Commission fee paid	(29)	(13)
Income taxes refund (paid)	(3,315)	(7,162)
Other, net	183	175
Net cash provided by (used in) operating activities	34,183	23,872

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(911)	(3,220)
Purchase of intangible assets	(813)	(1,338)
Payments for asset retirement obligations	–	(228)
Proceeds from sale of investment securities	11	22
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(583)	–
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	358	–
Proceeds from liquidation of subsidiaries	69	0
Proceeds from capital reduction of shares of subsidiaries	–	74
Loan advances	(3)	(1)
Proceeds from collection of loans receivable	9	3
Payments of leasehold deposits	(11)	(5)
Proceeds from refund of leasehold deposits	219	161
Other, net	(0)	(8)
Net cash provided by (used in) investing activities	(1,654)	(4,542)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,000)	(8,000)
Repayments of lease liabilities	(1,342)	(1,104)
Purchase of treasury shares	(0)	(7,664)
Dividends paid	(5,987)	(6,033)
Other, net	(1)	0
Net cash provided by (used in) financing activities	(17,332)	(22,803)
Effect of exchange rate change on cash and cash equivalents	32	–
Net increase (decrease) in cash and cash equivalents	15,228	(3,473)
Cash and cash equivalents at beginning of period	20,281	35,509
Cash and cash equivalents at end of period	35,509	32,035