



November 16, 2020

To whom it may concern:

Net One Systems Co., Ltd.
(Stock Code: 7518, TSE1)

**Notice regarding submission of application for approval to extend submission deadline
for securities report for second quarter of fiscal year ending March 31, 2021**

Net One Systems Co., Ltd. ("Net One Systems" or "the Company") hereby announces that it decided today to submit an application for approval to extend the submission deadline for its quarterly securities report pursuant to the provisions of Article 17-15-2, Paragraph 1 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs etc., and submitted the application to the Kanto Local Finance Bureau, as follows.

1 . Applicable quarterly securities report

Securities report for the second quarter of the fiscal year ending March 31, 2021 (from July 1, 2020 to September 30, 2020)

2 . Submission deadline before extension

November 16, 2020

3 . Submission deadline if extension is approved

December 16, 2020

4 . Reasons for need to extend submission deadline

As indicated in its October 26, 2020 news release entitled "Notice regarding postponement of announcement of financial results for the second quarter of the fiscal year ending March 31, 2021," Net One Systems became aware of suspicions regarding the diversion of funds by an employee based on information received from an external organization. Accordingly, Net One Systems decided to postpone the announcement of its financial results for the second quarter of the fiscal year ending March 31, 2021 as the Company will require a certain amount of time to assess the impact of this matter on results in order to settle its accounts for the second quarter of the fiscal year ending March 31, 2021.

Thereafter, on November 2, 2020, Net One Systems established an external investigative committee to investigate the suspicions regarding the diversion of funds by an employee, and it has continued to investigate the incident since. As indicated in today's news release entitled "Notice regarding expansion of duties of external investigative committee and addition of members to external investigative committee," in the course of the investigation, Net One Systems newly learned that one of the objectives of the diversion of funds may have been to improperly substitute costs by involving a supplier and a party placing the order, and the Company now expects that a certain amount of time will be required additionally to examine this and complete the investigation.

In accordance with the notification received from the Tokyo Regional Taxation Bureau in November 2019, Net One Systems conducted an investigation led by a special investigative committee from December 13, 2019 to March 11, 2020, and disclosed the "final report of investigation into suspicious transactions (transactions

where delivery of goods could not be confirmed)” on March 12, 2020. The special investigative committee verified that a portion of the funds paid for transactions for which no delivery could be confirmed had been diverted to several business operators. In the final report of investigation, the special investigative committee was unable to verify whether the funds were further diverted from the subject business operators to other parties, so the Company at this juncture assumed that the funds were not diverted beyond these business operators, and it has reflected this into its accounting treatment.

In the process of preparing its financial results for the second quarter of the fiscal year ending March 31, 2021, and based on information received by an external organization, Net One Systems became aware of suspicions that a portion of the funds diverted from the Company to the subject business operators may have been allocated to the provision of services and goods associated with transactions booked as sales by the Company. Accordingly, Net One Systems may need to record additional expenses or revise results for its profit lines due to the recognition of roughly 2.0 billion yen in compensation for the provision of such services and goods. The Company is currently confirming the relevant facts, but since the task involves other companies and their business partners, the investigation is expected to require additional time.

In light of the above, Net One Systems determined it could not submit its securities report for the second quarter of the fiscal year ending March 31, 2021 on November 16, 2020, the original submission deadline, and consequently has resorted to applying for approval to extend the submission deadline.

5 . Outlook

If the application for extension of the submission deadline is approved, Net One Systems will make a prompt disclosure accordingly.

We sincerely apologize to our shareholders, investors, business partners, and other stakeholders for the inconvenience and concern caused by this matter.