



February 13, 2020

To whom it may concern:

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

Notice regarding receipt of interim report by special investigative committee

As indicated in the “Notice regarding the establishment of a special investigative committee” dated December 13, 2019, Net One Systems Co., Ltd. (“Net One Systems”), having been informed by the National Tax Agency that it was unable, through a tax inquiry, to confirm that Net One Systems actually made deliveries in connection with one of its transactions (“the incident”), formed an internal investigation team while working to determine the facts surrounding the incident through hearings involving concerned parties within Net One Systems and other means. Notwithstanding these efforts, we reached the decision that an internal investigation was not enough, and that more extensive and thorough investigations involving the customers in question was required, by appointing external experts with specialized knowledge. Accordingly, to ensure a swift, seamless, and flexible investigation, Net One Systems established a special investigative committee consisting of external lawyers and a certified public accountant who do not have any conflict of interest with Net One Systems, and thus could conduct an appropriate investigation with a fair and objective perspective and position to gain an accurate understanding of the relevant facts and developments while utilizing the documents and other data collected by Net One Systems’s internal investigation team. The committee’s investigation is ongoing.

We hereby announce that in the process of the investigation, we have received an interim report from the special investigative committee that includes details of the incident, the likelihood of it affecting our consolidated financial results, and whether or not there was any organizational involvement.

The special investigative committee has not yet completed a final report that analyzes the causes of the fraudulent acts that were performed and makes recommendations for preventing a recurrence. This is because of the substantial workload the investigation required due to the significant numbers of employees and business partners of Net One Systems who were involved; the considerable length of time over which the fraudulent acts had been taking place; and arranging and conducting of hearings that took the committee longer than expected, as further time and workload were required for additional investigations and causal analysis based on the results of the hearings. As well, continuing inquiry into the matters that were discovered in the committee’s investigations will be required to ensure that the investigation is fully comprehensive. The special investigative committee is scheduled to submit a final report and recommendations for preventing a recurrence around March 13, 2020. Net One Systems will disclose the final results of the investigation without delay after receiving them from the committee.

We deeply apologize for any inconveniences or hardships this decision may place upon all affiliated parties, including our shareholders, investors, and business partners.