



February 14, 2020

To whom it may concern:

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

**Notice regarding filing of application to extend submission deadline of securities report
for the third quarter of the fiscal year ending March 31, 2020**

Net One Systems Co., Ltd. ("Net One Systems") hereby announces that it has decided to apply for an extension of the submission deadline of its securities report for the third quarter of the fiscal year ending March 31, 2020 and filed an application with the Kanto Local Finance Bureau today as provided in Article 17-15-2, Paragraph 1 of the Cabinet Office Order on Disclosure of Corporate Affairs.

1. Quarterly securities report for which application to extend the submission deadline has been filed
Quarterly securities report for the third quarter of the fiscal year ending March 31, 2020 (October 1, 2019 to December 31, 2019)
2. Submission deadline before extension
February 14, 2020
3. Submission deadline after extension
March 13, 2020
4. Reasons for the need to extend the submission deadline

As stated in the "Notice regarding the establishment of a special investigative committee" released on December 13, 2019, 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 parties in question (including business partners) 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 of the incident while utilizing the documents and other data collected by Net One Systems' internal investigation team.

The special investigative committee conducted hearings of concerned parties, as well as analysis and review of documents provided by Net One Systems, cooperating business partners, and others. As a result, the committee was able to determine whether or not fraudulent acts related to the incident ("these acts") had occurred, the nature of these acts, and their impact on Net One Systems' consolidated financial statements.

However, Net One Systems concluded that it would be unable to submit the securities report for the third

quarter of the fiscal year ending March 31, 2020 by the deadline of February 14, 2020, and was forced to seek an extension of the submission deadline. 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 in these acts; the considerable length of time over which these 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, the investigation uncovered illegal cost transfer transactions similar to these acts, which required additional investigation of direct transactions from 2008 onward with the companies suspected of taking part in these acts, including hearings and digital forensic investigation of concerned parties of any further illegal acts uncovered.

5. Outlook

We will disclose without delay when the application to extend the submission deadline has been approved.

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