



February 14, 2020

To whom it may concern:

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

Notice regarding earnings forecast revisions for the third quarter and full year of the fiscal year ending March 31, 2020

Net One Systems Co., Ltd. ("Net One Systems") hereby announces that it has revised its earnings forecasts for the third quarter of the fiscal year ending March 31, 2020, and the full-year forecasts announced on April 25, 2019.

1. Earnings forecast revisions

(1) Earnings forecast revision for the third quarter of the fiscal year ending March 31, 2020 (April 1, 2019 to December 31, 2019)

	Revenue	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	—	—	—	—	—
Revised forecast (B)	124,174	9,699	9,930	5,742	67.78
Difference (B – A)	—	—	—	—	
Change (%)	—	—	—	—	

(2) Earnings forecast revision for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

	Sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	187,500	15,000	15,000	10,200	120.47
Revised forecast (B)	188,000	15,000	15,000	9,400	110.96
Difference (B – A)	500	—	—	-800	
Change (%)	0.3	—	—	-7.8	

2. Reasons for the revisions

As stated in the "Notice regarding a change to the financial statement release date" dated January 21, 2020, 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 a special investigative committee to investigate the incident. We also announced that the financial statement release date for the third quarter of the fiscal year ending March 31, 2020 would be postponed to February 13, 2020, because we expected that it would take some time before we receive the results of the committee’s investigation.

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, as stated in the “Notice regarding filing of application to extend submission deadline of securities report for the third quarter of the fiscal year ending March 31, 2020” released today, Net One Systems concluded that it had no choice but to postpone again the financial statement release date for the third quarter of the fiscal year ending March 31, 2020. 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.

Given the above situation, and that 45 days have passed since the end of the third quarter of the fiscal year ending March 31, 2020, we revised our earnings forecasts, because we believe it is important to disclose our earnings forecast at this point in time to our shareholders, investors, and other stakeholders.

3. Outlook

As stated in the “Notice regarding filing of application to extend submission deadline of securities report for the third quarter of the fiscal year ending March 31, 2020” released today, Net One Systems 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. The submission deadline of the securities report for the third quarter of the fiscal year ending March 31, 2020 will be extended to March 13, 2020 if the application is approved. Net One Systems will make a concerted effort to release its financial statement for the third quarter of the fiscal year ending March 31, 2020 by this date.

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

Please note when reading the attached materials that they contain Net One Systems’ own earnings forecasts as of the date of release.