



March 12, 2020

To whom it may concern:

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

Notice regarding submission of securities report and financial results for the third quarter of the fiscal year ending March 31, 2020, and revisions to previous fiscal years' securities reports and financial results

Net One Systems Co., Ltd. ("Net One Systems"), having received the final report from the special investigative committee today, hereby announces that it has revised financial results for previous fiscal years and past quarters in the current fiscal year, and decided to submit the financial results for the third quarter of the fiscal year ending March 31, 2020.

The revised consolidated and non-consolidated financial statements have been audited and reviewed by Deloitte Touche Tohmatsu LLC, and we have received the audit and review reports. We plan to submit reports on the revision of securities reports for previous fiscal years and past quarters in the current fiscal year, with the securities report for the third quarter of the fiscal year ending March 31, 2020, on March 13, 2020.

1. Events leading to, and reasons for revisions

The Tokyo Regional Taxation Bureau informed Net One Systems of its doubts about the delivery of goods in one of its transactions during a tax inquiry. In response, 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. The objectives of the committee were to clarify facts related to this matter, determine the causes of issues that have been recognized as factual, verify whether or not similar events are occurring, estimate this matter's financial impact on our consolidated financial statements, and propose recurrence prevention measures.

Net One Systems received the final report from the special investigative committee today. Based on the results of the committee's investigation, we recognized that a series of repeated transactions had taken place without delivery of goods. Accordingly, we have revised previous fiscal years' consolidated and non-consolidated financial statements.

2. Submission of financial results for the third quarter of the fiscal year ending March 31, 2020 and financial results for previous fiscal years and past quarters in the current fiscal year

(1) Quarterly financial results

Consolidated financial results for the nine months ended December 31, 2019 [Japanese GAAP]

(2) Financial results for previous fiscal years and past quarters in the current fiscal year

Consolidated financial results for the year ended March 31, 2015 [Japanese GAAP]

Consolidated financial results for the year ended March 31, 2016 [Japanese GAAP]

Consolidated financial results for the year ended March 31, 2017 [Japanese GAAP]

Consolidated financial results for the three months ended June 30, 2017 [Japanese GAAP]
Consolidated financial results for the six months ended September 30, 2017 [Japanese GAAP]
Consolidated financial results for the nine months ended December 31, 2017 [Japanese GAAP]
Consolidated financial results for the year ended March 31, 2018 [Japanese GAAP]
Consolidated financial results for the three months ended June 30, 2018 [Japanese GAAP]
Consolidated financial results for the six months ended September 30, 2018 [Japanese GAAP]
Consolidated financial results for the nine months ended December 31, 2018 [Japanese GAAP]
Consolidated financial results for the year ended March 31, 2019 [Japanese GAAP]
Consolidated financial results for the three months ended June 30, 2019 [Japanese GAAP]
Consolidated financial results for the six months ended September 30, 2019 [Japanese GAAP]

3. Summary of revisions to consolidated financial results by fiscal year

Consolidated		(JPYmn)			
Fiscal year	Item	Before revision	After revision	Impact	Change (%)
28th term Full-year FY3/15	Revenue	143,173	141,529	-1,644	-1.1
	Operating income	4,205	4,121	-83	-2.0
	Ordinary income	4,249	4,115	-133	-3.1
	Net income	2,457	1,816	-641	-26.1
	Net assets	57,113	56,472	-641	-1.1
	Total assets	103,623	103,013	-610	-0.6
29th term Full-year FY3/16	Revenue	145,180	140,170	-5,010	-3.5
	Operating income	2,453	1,927	-525	-21.4
	Ordinary income	2,594	2,068	-525	-20.3
	Net income attributable to owners of the parent	1,508	1,015	-493	-32.7
	Net assets	55,533	54,398	-1,134	-2.0
	Total assets	102,613	99,417	-3,195	-3.1
30th term Full-year FY3/17	Revenue	157,236	153,124	-4,112	-2.6
	Operating income	5,747	5,565	-181	-3.2
	Ordinary income	5,701	5,519	-181	-3.2
	Net income attributable to owners of the parent	3,822	3,584	-238	-6.2
	Net assets	57,328	55,954	-1,373	-2.4
	Total assets	103,365	102,038	-1,327	-1.3
31st term Q1 FY3/18	Revenue	29,794	28,015	-1,778	-6.0
	Operating income	414	(76)	-491	-118.5
	Ordinary income	400	(90)	-491	-122.7
	Net income attributable to owners of the parent	248	(227)	-476	-191.3
	Net assets	56,377	54,527	-1,849	-3.3
	Total assets	97,206	95,279	-1,926	-2.0
31st term Q2 FY3/18	Revenue	70,696	66,126	-4,570	-6.5
	Operating income	2,311	1,580	-730	-31.6
	Ordinary income	2,370	1,639	-730	-30.8
	Net income attributable to owners of the parent	1,569	863	-706	-45.0
	Net assets	57,839	55,760	-2,079	-3.6
	Total assets	98,205	96,078	-2,126	-2.2

Consolidated

(JPYmn)

Fiscal year	Item	Before revision	After revision	Impact	Change (%)
31st term Q3 FY3/18	Revenue	107,375	102,791	-4,583	-4.3
	Operating income	3,860	3,123	-737	-19.1
	Ordinary income	3,976	3,238	-737	-18.5
	Net income attributable to owners of the parent	2,640	1,762	-877	-33.2
	Net assets	57,529	55,278	-2,250	-3.9
	Total assets	96,618	94,392	-2,225	-2.3
31st term Full-year FY3/18	Revenue	161,107	153,349	-7,757	-4.8
	Operating income	8,241	7,256	-985	-12.0
	Ordinary income	8,418	7,433	-985	-11.7
	Net income attributable to owners of the parent	5,682	4,401	-1,281	-22.6
	Net assets	60,363	57,708	-2,654	-4.4
	Total assets	106,827	102,146	-4,681	-4.4
32nd term Q1 FY3/19	Revenue	33,418	30,278	-3,140	-9.4
	Operating income	1,511	1,103	-408	-27.0
	Ordinary income	1,533	1,125	-408	-26.6
	Net income attributable to owners of the parent	1,035	(2,203)	-3,238	-312.8
	Net assets	60,247	54,353	-5,893	-9.8
	Total assets	104,161	98,277	-5,884	-5.6
32nd term Q2 FY3/19	Revenue	80,598	77,396	-3,202	-4.0
	Operating income	4,935	4,541	-393	-8.0
	Ordinary income	5,043	4,649	-393	-7.8
	Net income attributable to owners of the parent	3,309	241	-3,068	-92.7
	Net assets	62,753	57,030	-5,723	-9.1
	Total assets	109,828	104,097	-5,730	-5.2
32nd term Q3 FY3/19	Revenue	122,432	116,102	-6,330	-5.2
	Operating income	7,759	7,142	-617	-8.0
	Ordinary income	7,956	7,339	-617	-7.8
	Net income attributable to owners of the parent	5,303	942	-4,360	-82.2
	Net assets	63,128	56,112	-7,015	-11.1
	Total assets	107,085	100,222	-6,863	-6.4
32nd term Full-year FY3/19	Revenue	181,935	174,838	-7,097	-3.9
	Operating income	13,012	12,166	-845	-6.5
	Ordinary income	13,258	12,412	-845	-6.4
	Net income attributable to owners of the parent	8,913	4,323	-4,589	-51.5
	Net assets	66,858	59,614	-7,244	-10.8
	Total assets	125,498	118,313	-7,184	-5.7
33rd term Q1 FY3/20	Revenue	36,038	35,571	-467	-1.3
	Operating income	2,107	1,709	-398	-18.9
	Ordinary income	2,216	1,817	-398	-18.0
	Net income attributable to owners of the parent	1,518	2	-1,515	-99.8
	Net assets	66,565	57,805	-8,760	-13.2
	Total assets	120,406	111,623	-8,782	-7.3
33rd term Q2 FY3/20	Revenue	88,723	82,164	-6,559	-7.4
	Operating income	7,096	6,078	-1,018	-14.4
	Ordinary income	7,313	6,294	-1,018	-13.9
	Net income attributable to owners of the parent	5,055	2,901	-2,153	-42.6
	Net assets	70,358	60,960	-9,397	-13.4
	Total assets	124,275	119,432	-4,843	-3.9

4. Schedule for submission of securities report for the third quarter of the fiscal year ending March 31, 2020 and reports on the revision of securities reports for previous fiscal years and past quarters in the current fiscal year (scheduled date: March 13, 2020)

(1) Quarterly securities report

33rd term (fiscal year ending March 31, 2020)

Quarterly securities report (October 1, 2019–December 31, 2019)

(2) Reports on the revision of securities reports for previous fiscal years and past quarters in the current fiscal year

28th term (fiscal year ended March 31, 2015)

Annual securities report (April 1, 2014–March 31, 2015)

29th term (fiscal year ended March 31, 2016)

Annual securities report (April 1, 2015–March 31, 2016)

30th term (fiscal year ended March 31, 2017)

Annual securities report (April 1, 2016–March 31, 2017)

31st term (fiscal year ended March 31, 2018)

Quarterly securities report (April 1, 2017–June 30, 2017)

Quarterly securities report (July 1, 2017–September 30, 2017)

Quarterly securities report (October 1, 2017–December 31, 2017)

Annual securities report (April 1, 2017–March 31, 2018)

32nd term (fiscal year ended March 31, 2019)

Quarterly securities report (April 1, 2018–June 30, 2018)

Quarterly securities report (July 1, 2018–September 30, 2018)

Quarterly securities report (October 1, 2018–December 31, 2018)

Annual securities report (April 1, 2018–March 31, 2019)

33rd term (fiscal year ending March 31, 2020)

Quarterly securities report (April 1, 2019–June 30, 2019)

Quarterly securities report (July 1, 2019–September 30, 2019)

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

The Net One Systems Group is committed to working together to restore trust and enhance corporate value. We ask for your continued support.