Enterprise Business

We strengthen client competitiveness by maintaining and optimizing their comprehensive ICT platforms, including cloud solutions.

Primary needs

- Cloud systems
- Security measures
- Work style innovation

Telecom Carrier Business

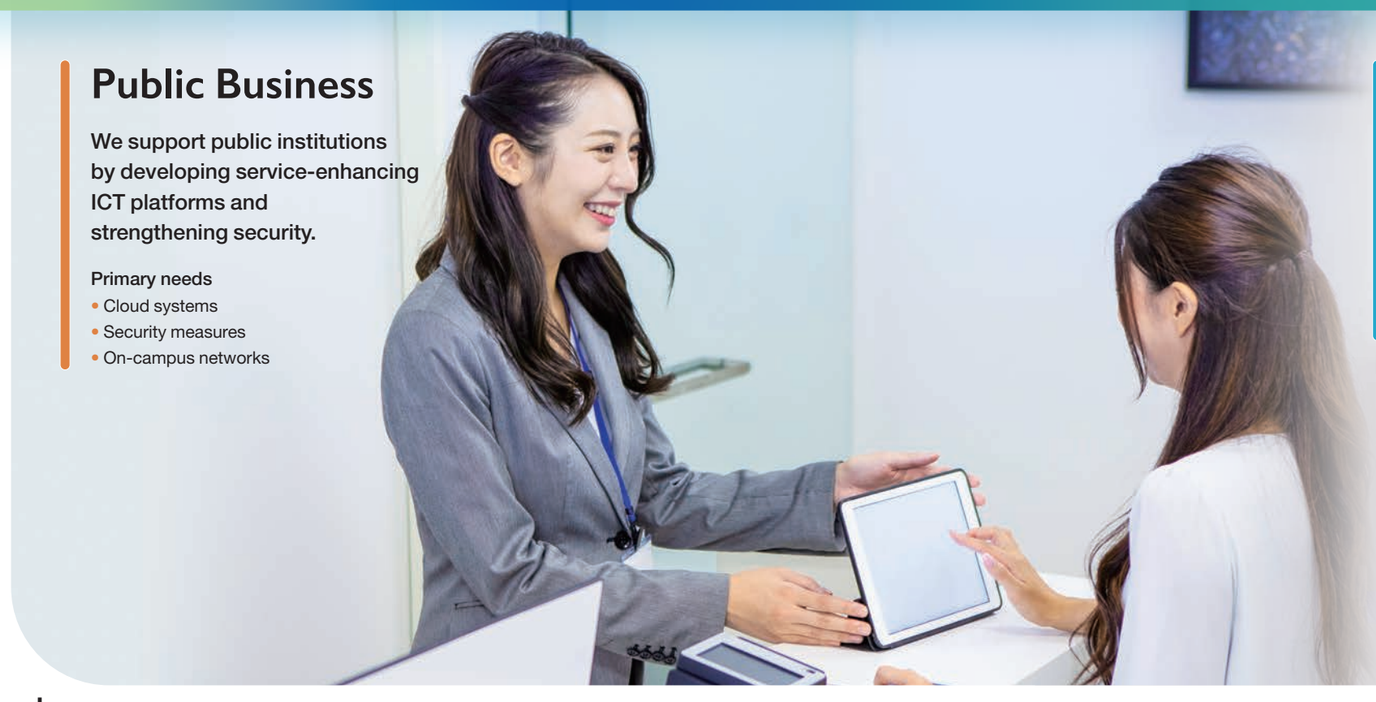
We are developing co-creation businesses and supporting corporate activities through the establishment of cloud and security infrastructure.

Primary needs

- Service infrastructure
- Corporate support businesses

The Value Net One Delivers

Securing a “Prosperous Future” by Delivering the World’s Highest Standard of Network Technology



Public Business

We support public institutions by developing service-enhancing ICT platforms and strengthening security.

Primary needs

- Cloud systems
- Security measures
- On-campus networks

Partner Business

We facilitate market expansion by delivering products to ICT companies developing information systems.

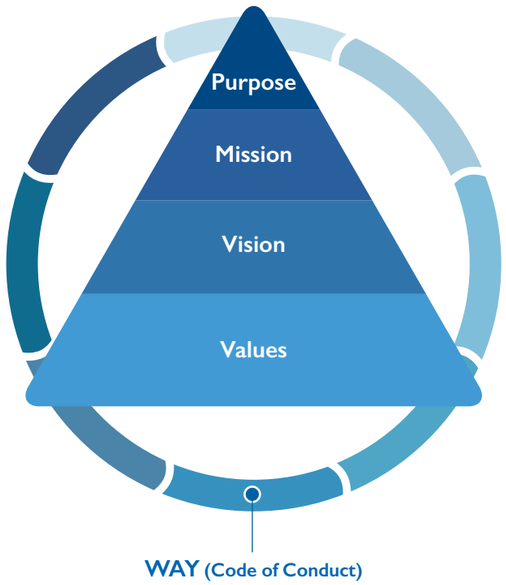
Primary needs

- Networks
- Cutting-edge ICT products

Purpose

Unleash the potential of people and networks, and create a prosperous future by carrying on / inheriting tradition and making innovation happen

Philosophy System



Mission Each of us is a professional with outstanding expertise and high ethical standards, and contributes to solving the problems of society and our customers

Vision

- Act with pride as a leading network company
- Create added value unique to Net One and achieve sustained growth
- Continue to be an elite group of people who train their minds and skills through continuous self-improvement
- Maintain an appropriate profit structure to fulfill our responsibilities to a wide range of stakeholders

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Editorial Policy

The net one report is published to inform all stakeholders of the Net One Group regarding our value creation efforts, growth strategy, and the sustainability management concepts and initiatives we have adopted as we aim to realize our Purpose. Our net one report 2024 focuses on introducing proactive management initiatives under the theme of "clearly communicating the value created, and the growth strategies implemented, by the Net One Group." In addition, our separate Sustainability report 2024 (issued at end-December 2024) covers ESG performance data as well as extensive non-financial information. In this report, figures for financial results from fiscal 2014 through fiscal 2019 have been restated to reflect the revisions made to past financial results disclosed in December 2020.

"net one report" Integrated Report　Sustainability report

Regarding the Cover Design

Using the round curves characteristic of our corporate logo, the designs of these covers express our relentless and inexhaustible exploration of new possibilities and opportunities through network technology. The cover of our "net one report" features our corporate color, blue, while our "Sustainability report" uses four colors to represent our four material priorities. When the covers are placed side by side, their curves connect, indicating these two reports combine as a set to provide comprehensive integrated reporting.

Sustainability report 2024

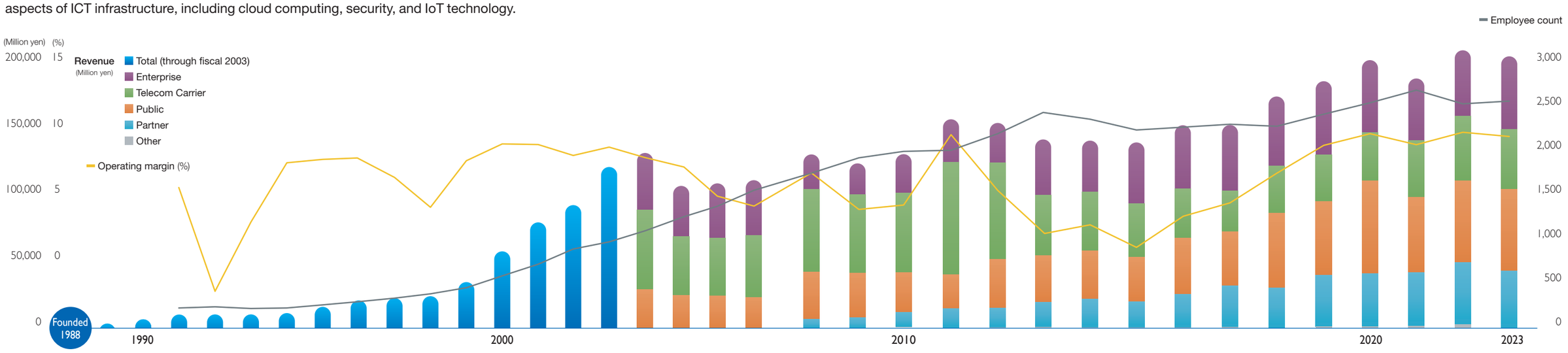
Message from the Chairperson of the Sustainability Committee 1
Four Material Priorities and the Status of Activities and KPIs for Fiscal 2023 3
Special Feature 1: Thriving Professional Personnel 5
Special Feature 2: Contribution to a Decarbonized Society 9
Special Feature 3: Maintaining and Enhancing a Governance Structure for Sustainable Growth 11
ESG Data Book 15

Note: Issued at end-December 2024

https://www.netone.co.jp/english/investor-relations/ir-library/integrated/

Our History of Value Creation in Response to Social Challenges

The Net One Group has been accumulating experience since before the Internet became widely available. Leveraging our strength in advanced network technology, we are expanding the scope of our operations to cover all aspects of ICT infrastructure, including cloud computing, security, and IoT technology.



Changing times and needs

- Wider use of information systems
- Information sharing between business sites

→

- Spread in the availability of the Internet
- Improvement in communication speeds

→

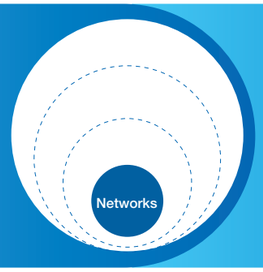
- Widespread adoption of visualization and cloud computing technologies
- Streamlining of expanded ICT systems
- Work style innovation

→

- Acceleration of digitalization
- Integration of digital transformation and ICT into business practices
- Effective application of security measures and data

1988 onward

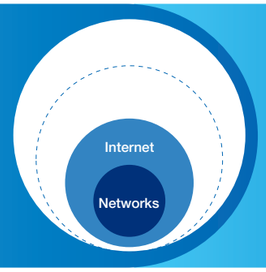
Linked networks across a diverse range of technological boundaries



During the early days of the Internet's arrival in Japan, Net One Systems began purchasing and selling network equipment to major private companies and research institutes. During this period, we established maintenance systems to ensure the stable operation of, and smooth communication between, our proprietary closed systems.

1995 onward

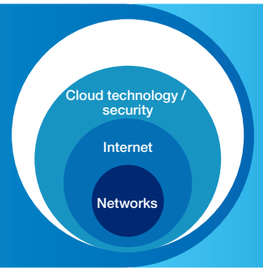
Expanded the scope of our operations in sync with the proliferation of the Internet



During this period, we expanded our business operations to include Internet utilization and system development solutions for telecom carriers and government agencies. Leveraging our advanced network technology, we fulfilled customer needs for secure connectivity and efficient system consolidation.

2008 onward

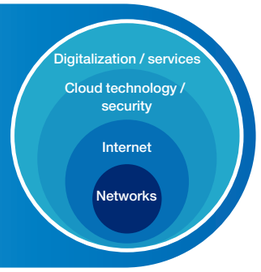
Enhanced the value of our services through technological innovation



This period gave rise to work style innovation and virtualization technologies. We took the initiative to implement these new concepts internally and applied the insights we gained thereby to establish a value delivery model that optimizes the management, regulation, and utilization of digitalized audio and video systems, as well as other intricate, multifaceted systems.

2016 onward

Evolved toward a business model supporting ICT infrastructure with a network-based approach



Driven by digital transformation and the increasingly prevalent application of cloud-based technologies, the era of multi-cloud computing emerged during this period. We continue to present solutions to challenges associated with the integration of ICT into business operations, the implementation of security measures, the cohesive and seamless operation of large-scale systems, and the strategic application of ICT.

Net One Highlights

1990
Established the Quality Control Center responsible for a range of operations, including quality control and the delivery of maintenance parts and materials

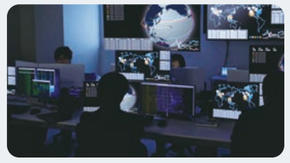
1999
Certified as a gold partner by Cisco Systems

2000
Established the Technical Center for the evaluation and pre-verification of multi-vendor systems

2001
Listed on the First Section of the Tokyo Stock Exchange

2007
Launched the Expert Operation Center to facilitate 24/7 remote monitoring and troubleshooting

2016
Opened the Security Operation Center to ensure immediate and round-the-clock cyber attack detection and response



2020
Established "Lab as a Service" to accelerate customer digital transformation through multi-cloud joint verification environments

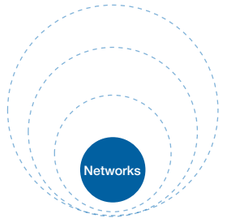
2023
Jump-started "netone valley" innovation center to foster innovation through a diverse range of collaborative efforts

Evolution of Our Value Delivery and Competitive Advantage

The Net One Group is pursuing genuine innovation by leveraging the unique critical assessment capabilities it has developed through its application of ICT.
Alongside our customers, we will continue to address social challenges by crossing technological boundaries, connecting people to information, and fostering connections between people.

Since 1988 Charge

Linking Networks



Established a leading position within the field of network integration

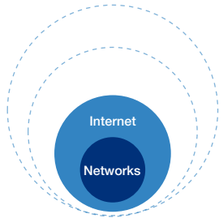
To promote widespread adoption of the Internet in Japan, we collaborated with overseas vendors to facilitate technological awareness and pitch products that enable interconnectivity. Subsequently, we have continued to enhance our reliability and value creation capabilities, thereby accumulating the technology and experience necessary for the integration of modern network and cloud computing technologies.

Ensuring reliable connectivity through advanced technologies

While closely monitoring developments in technological innovation, we utilize and apply advanced technologies to devise and present contemporary network systems. Through our Technical Center, we ensure systems meet functional requirements for system configurations similar to those found in the operational environments of our customers while providing reassurance through troubleshooting services and other methods of ensuring stable performance.

Since 1995 Channel

Connecting people and information



Collaborating with leading vendors to enhance and supplement existing technologies and develop joint ventures

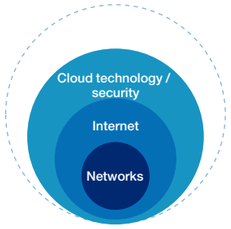
Anticipating the Internet's foundational role in society, we turned our focus to the transition toward network-based cloud systems. Together with the world's top ICT vendors, we have developed products and services for the Japanese market while strengthening our strategic partnerships.

Development of proprietary architecture

While advocating for software-based hybrid cloud solutions, we have facilitated structural, user-centric transformations in our internal systems. Furthermore, we shared the insights thereby gained and evolved into technological experts through the development of proprietary cloud, security, and subscription-based services.

Since 2008 Change

Changes in Business Practices and Work Styles



Upgrading services as we aim to become a strategic partner for our customers

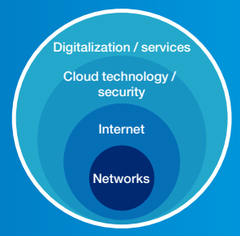
Leveraging our vast repository of technological expertise, we have transformed our business model into one focused on system integration. Additionally, we have combined advanced operations and consulting with product sales to provide comprehensive support covering all aspects of infrastructure. By enabling joint system use and delivering functionality, we foster co-creation-based relationships and generate further added value.

Partnering with vendors to drive digital transformation

We have aimed to establish a leading comprehensive service model for the multi-cloud era. By incorporating both digital transformation that transcends the boundaries of legacy systems and lifecycle services, we deliver the reliable systems and stable operations that our customers demand.

Since 2016 Building a Prosperous Future

through Our Services



Establishing platforms that consistently deliver added value

As a strategic partner focused on fostering customer business growth, we will continue to facilitate customer success moving forward. By building digital infrastructure that establishes three-way connections between Net One Systems, its customers, and its vendors, we will achieve enhanced stability and optimization of systems in response to the evolving and increasingly complex nature of networks.

Creating innovation with collaborative efforts through netone valley

The Net One Group aims to shape the future by leveraging innovation achieved through connections among people. Alongside our customers and partners, we aim to transform our business activities into a "platform facilitating co-creation and mutual growth," thereby enabling the creation of businesses that address social challenges through the application of advanced digital technologies.

Four Strengths P.11

- Professional personnel
- Expanding customer base
- Ability to co-create with partners
- Collaboration with multiple vendors

Exploring Network Potential and Business Fields

Expanding and Evolving Networks

As digital transformation progresses, a smart society is emerging in which many objects and devices are connected to networks. Accordingly, demand for network connectivity is accelerating in both traditional areas such as offices, data centers, and homes, and in more modern environments, such as those associated with cloud computing and the Internet of Things (IoT). This trend is additionally giving rise to new demand for cybersecurity measures and other solutions. Consequently, networks are expanding in their application as ICT infrastructure while becoming both more sophisticated and essential to society.

Societal Changes and the Development of Networks

Business Environment

Society
Declining birthrate and aging population, regional disparities, decarbonized society, sustainability, regional revitalization

Market
Shift from goods to experiences
The 2025 Digital Cliff
Innovative progress in ICT

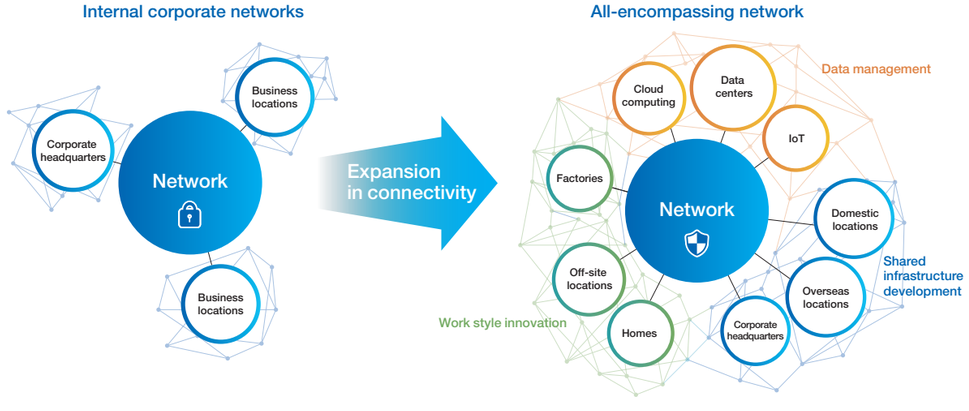
Customers
Organizational transformation achieved through digital transformation
Supply chain digitalization

Addressing Social Challenges with Digital Transformation

Taking on social challenges by leveraging multi-cloud solutions and ensuring secure network connectivity for a comprehensive range of entities including companies (all group locations), homes (teleworking), factories (smart factory transformation), schools (GIGA schools), and hospitals (medical digital transformation).

Development of Networks into Social Infrastructure

The progress of digital transformation is leading to an expansion in ICT system utilization contexts. As network connectivity broadens to include more locations, advanced security measures are becoming increasingly essential.



The Structure of the ICT Industry and Our Business Fields

With the advent of cloud technology, the ICT industry has split into two sectors: the “application sector,” which is focused on the development and maintenance of software applications, and the “infrastructure sector,” which concentrates on providing the technological support that enables these applications to run efficiently. Net One Systems is one of the few companies specializing in infrastructure domain technologies and focused on the development of infrastructure for digital societies.

As vendors in the ICT industry, system integrators focus primarily on the application sector, but some comprehensive ICT vendors are active in both the application and infrastructure sectors.

ICT Industry Structure

As an integrator focused on the infrastructure sector, Net One Systems excels in the field of networking.

ICT industry sectors		Vendor sector	
Application sector (systems operated directly by the user)	Examples •Core systems •Business systems •HR systems •Accounting systems	Integrated ICT vendors	System integrators
Infrastructure sector (generally not directly noticeable to the user)	Examples •Network •Security •Servers •Storage •Data management •Workflow		net one

A Unique Standing Divergent from Other Infrastructure Companies

What sets Net One Systems apart is its ability to independently evaluate and assess world-class network technologies from a neutral perspective.

Employing a strategy centrally supported by this technology, we monitor the latest global tech trends to create comprehensive ICT platform designs tailored to customer requirements while objectively selecting and integrating the best equipment and services to meet these needs and establishing all-encompassing ICT platforms.

Net One Systems’ Position

How does Net One Systems differ from product vendors (manufacturers, etc.)?

Vendors develop and manufacture equipment with specific functions. Net One Systems evaluates and integrates equipment from sources throughout the world to provide the functionality required by its customers.

How does Net One Systems differ from telecom carriers?

Telecom carriers primarily provide services for networks that link different geographical areas and institutions. Net One Systems primarily focuses on setting up and maintaining the internal networks of these companies and organizations and incorporates the services of telecom carriers on an as-needed basis.

How does Net One Systems differ from cloud service providers?

Cloud service providers offer applications and infrastructure as services. Net One Systems establishes networks that securely and quickly connect customer systems to the cloud while creating ICT platforms that integrate multiple cloud systems.

net one

We provide cutting-edge, high-quality, and safe ICT platforms to companies and large public institutions representing Japan.

Resources Enabling Value Creation

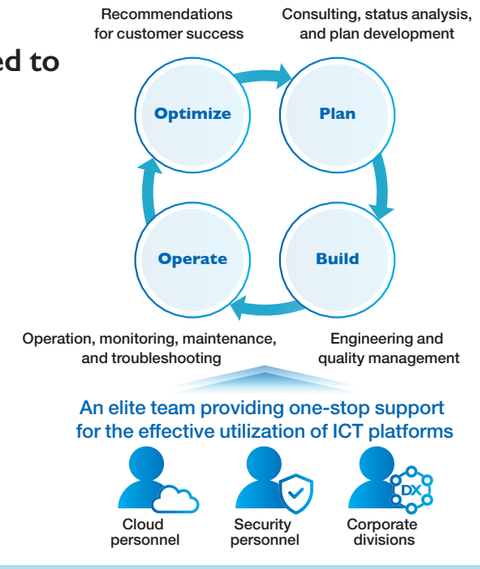
Enhancing core competencies to create value requires the continuous strengthening of resources such as personnel, expertise, and trust-based relationships maintained with customers and partners.

Accordingly, the Net One Group integrates efforts aimed at strengthening these critical resources into its management strategy as the Group strives to further enhance its corporate value and achieve sustainable growth.

Human Capital

Professional personnel dedicated to providing lifecycle services

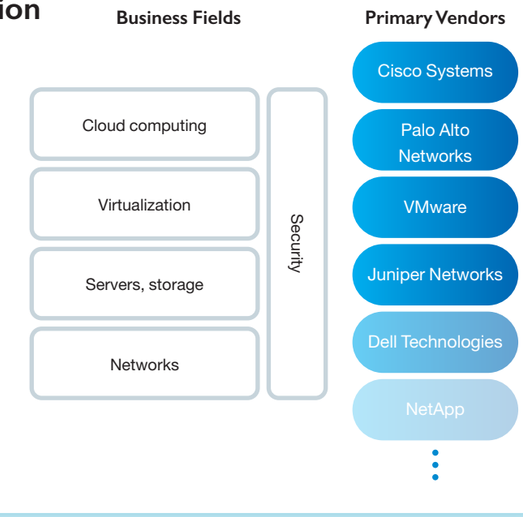
The Net One Group is a collective of highly knowledgeable and skilled professionals. Through our technological and consulting capabilities, which extend across a number of categories including cutting-edge networks, we facilitate the effective use and stable operation of ICT systems in the age of cloud computing. By offering one-stop support for all phases of the ICT lifecycle (plan, build, operate, and optimize), we ensure the success of our customers' businesses. Our personnel fully demonstrate their own individual abilities while mutually enhancing their communication skills and pursuing high-quality teamwork. Through these efforts, our personnel provide value to society and contribute to the growth of the Net One Group.



Intellectual Capital

Expertise enabling collaboration with multiple vendors

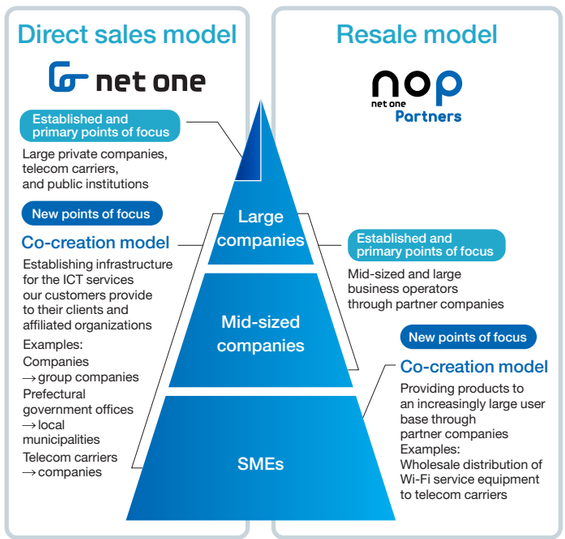
The Net One Group's activities cover the full spectrum of networking. Aside from our world-class network technology, we have the ability to assess cutting-edge hardware, software, cloud services, AI, and other infrastructure products provided by leading global vendors. By drawing up the complete ICT platform landscapes required for the future business activities of our customers and employing a proprietary approach that allows us to integrate multiple vendors and products, we are able to deliver functionality that no single vendor can provide on its own. We earn customers' trust by providing detailed proposals regarding troubleshooting measures and a wide range of other solutions.



Social Capital

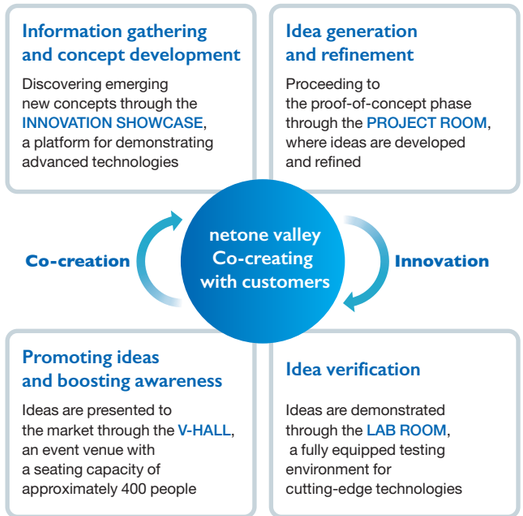
Expanding customer base

The Net One Group's main customers are major private companies and public institutions in Japan, with the top 100 companies by sales accounting for about 80% of its revenue. Our direct sales model encompasses approximately 80% of our sales channels and through this model, we support digital transformation-oriented companies and government agencies by proposing the development of new mechanisms for effective ICT utilization. The remaining 20% of our sales channels fall under a resale model through which we supply ICT services and products to various markets by wholesaling them to our partners via Net One Partners, a consolidated subsidiary. Through this model, we provide partners with the same equipment and technical support we deliver through our direct sales model. As a new approach, we are also developing a co-creation model focused on effective ICT utilization. As we move forward, we will broaden our client base to include SMEs and mid-sized companies, thereby generating earnings stability and growth.



Ability to co-create with partners

The Net One Group is independent from any specific manufacturers or capital groups. Accordingly, we are capable of sourcing cutting-edge products from around the world, assembling them into the best possible systems, and providing our customers with optimal services and functionality. At the same time, we have the ability to co-create along with a diverse pool of partners. Facilitating societal digital transformation by fostering co-creation rooted in a design-based philosophy and cutting-edge technology, the Net One Group strives to function as an advisor for the digital age. Meanwhile, using workspaces in our netone valley innovation center as a springboard, we collaborate with customers and vendors to accelerate innovation. Moving forward, we will continue to create new value by developing unprecedented technological combinations and configurations.



Value Creation Process

While utilizing financial and non-financial capital, we aim to fulfill our Purpose by providing high-quality ICT environments and expanding customer support, thereby creating both economic and societal value.

Note: The figures are for fiscal 2023.

Business Environment

Society
- Declining birthrate and aging population
- Regional disparities
- Decarbonized society
- Sustainability
- Regional revitalization

Market
- Shift from goods to experiences
- The 2025 Digital Cliff
- Innovative progress in ICT

Customers
- Corporate transformation through digitalization
- Accelerated digitalization

INPUTS

Financial and non-financial capital

Human capital

Employee count ··· 2,579
Security personnel
CISSP holders ····· 30
Registered information security specialists ··· 60
Cloud personnel
In front divisions ···· 516
DX personnel
In corporate divisions 42

Intellectual capital

NET ONE BLOG posts 94
LaaS*1 technical verification performed ····· 3,379

*1 Lab as a Service: a testing facility for multi-cloud environments established to facilitate digital transformation

Social capital

INNOVATION SHOWCASE facility usage
····· 280companies
Strategic business partners
····· 115companies

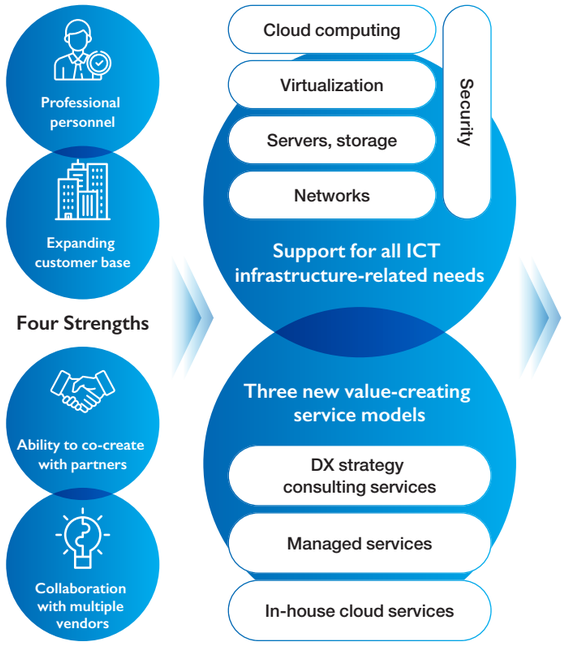
Financial capital

ROE ····· 18.0%
FCF*2 ····· ¥19.3billion

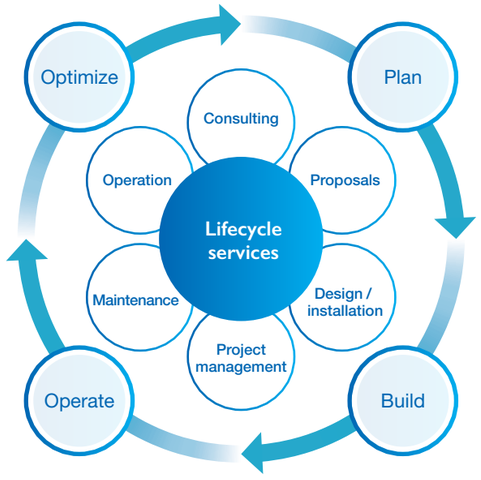
*2 Free cash flow (FCF) = cash flow from operating activities + cash flow from investing activities

Value Creation Activities

Providing cutting-edge and high-quality network infrastructure to the core industries and government sectors of Japan



Systems for Sustained Customer Support



Medium-Term Business Plan (fiscal 2022–2024) Growth strategy / reinforcement of the business base / social responsibility

OUTPUTS

Client count
1,560companies
(based on actual order receipts)

Customer satisfaction
83.4%
(overall satisfaction)

- Enterprise Business — Bookings ¥55.3 billion
- Telecom Carrier Business — Bookings ¥44.5 billion
- Public Business — Bookings ¥60.2 billion
- Partner Business — Bookings ¥41.2 billion

Value Created

Economic value

Growth in revenue and income

+

Society
- Investment in digitalization
- Revitalization of industry
- Business transformation
- Administrative streamlining

Social value

Development of next generation of talent
Improvement in ICT application

+

Society
- Reduction of regional disparities
- Regional revitalization
- Realization of sustainable societies
- Expansion of ICT and available human resources
- Acceleration of the digital economy

Reinvestment targeting capital enhancement

Material priorities
- Realization of a safe and secure advanced information society
- Thriving professional personnel
- Contribution to a decarbonized society
- Maintaining and enhancing a governance structure for sustainable growth

Purpose Unleash the potential of people and networks, and create a prosperous future by carrying on / inheriting tradition and making innovation happen

Mission **Vision** **Values**

WAY (Code of Conduct) Core guidelines for the judgment and decision-making of all Net One Group employees

Net One's Vision for the Future

Purpose

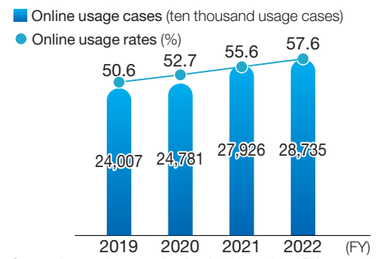
Unleash the potential of people and networks, and create a prosperous future by carrying on / inheriting tradition and making innovation happen

Achieving Society 5.0

Digital Government

The shift to online government services is accelerating; with the power of networking, we develop quick and lean electronic systems for both local and national government agencies.

Online Usage for Administrative Procedures

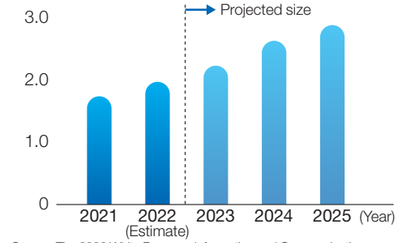


Source: An overview regarding fiscal 2023 municipal DX and information promotion published by the Ministry of Internal Affairs and Communications

Green Transformation

Electricity usage is expected to increase with the proliferation of data centers; The Net One Group facilitates the achievement of a decarbonized society with its green solutions.

Size of the Market for Data Center Services

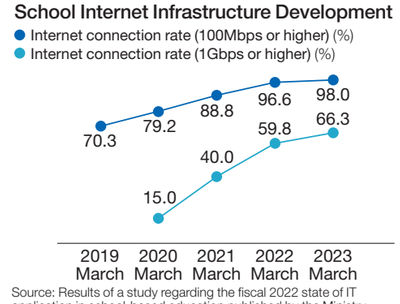


Source: The 2023 White Paper on Information and Communications in Japan published by the Ministry of Internal Affairs and Communications

GIGA School Concept

The application within educational settings of secure, high-speed wireless LANs capable of simultaneously handling connections from multiple devices is expanding. The Net One Group establishes ICT environments that nurture profound learning experiences.

School Internet Infrastructure Development

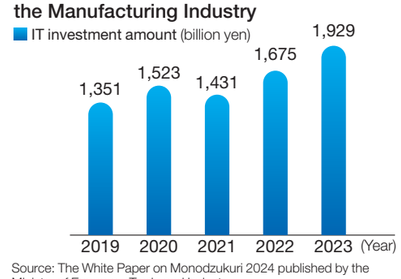


Source: Results of a study regarding the fiscal 2022 state of IT application in school-based education published by the Ministry of Education, Culture, Sports, Science and Technology

Smart Manufacturing

IT investment among manufacturing sites is on the rise. We will address workforce shortage especially that of skilled workers to replace retiring workforce by improving both quality and productivity through digital transformation.

Software Investment within the Manufacturing Industry



Source: The White Paper on Monodzukuri 2024 published by the Ministry of Economy, Trade and Industry