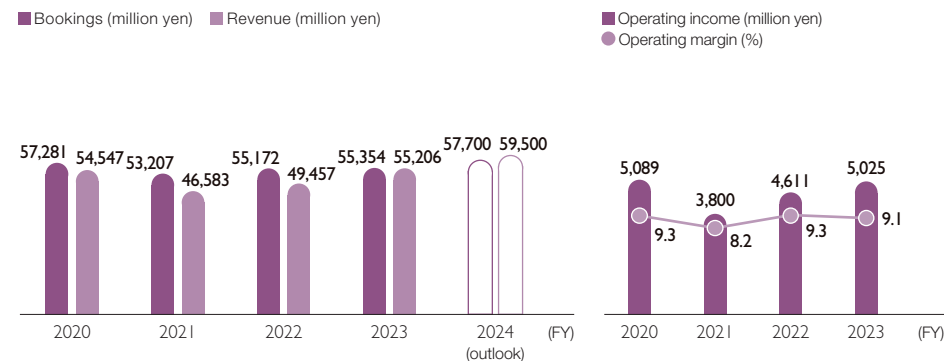


## Overview by Segment

### Enterprise Business



#### Fiscal 2023 results

- Bookings: +0.3% YoY
- Revenue: +11.6% YoY
- Operating income: +9.0% YoY

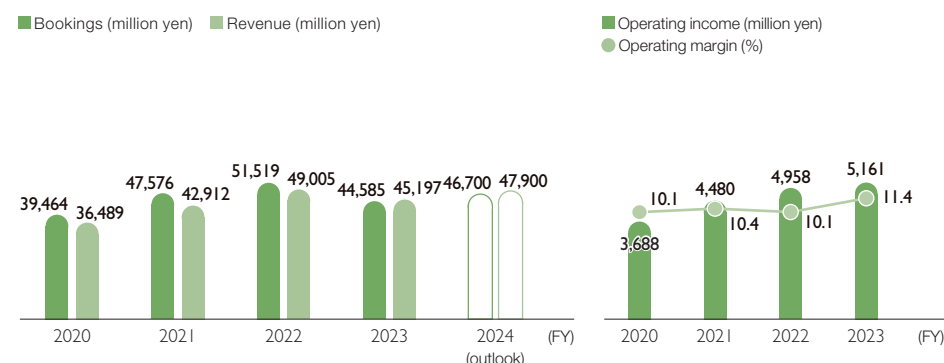
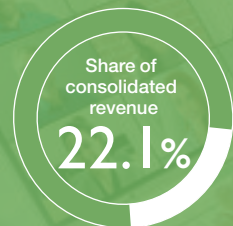
Performance generated through the manufacturing industry was strong, driven mainly by results secured through automakers and electronics manufacturers. Through the non-manufacturing industry, we acquired several major projects focused on enhancing security through the implementation of secure access service edge (SASE) and other security measures. However, performance achieved through the financial industry was weaker than in previous years due to the scarcity of new investment projects.

#### Fiscal 2024 outlook

- Bookings: +4.2% YoY
- Revenue: +7.8% YoY

Due to new investment projects, we project recovery in performance achieved through the financial industry. Meanwhile, with regard to the manufacturing and non-manufacturing industries, we anticipate growth generated through investment in digital transformation. Through our consulting and system operations expertise, we expect to secure projects related to security, cloud utilization, and smart manufacturing.

### Telecom Carrier Business



#### Fiscal 2023 results

- Bookings: -13.5% YoY
- Revenue: -7.8% YoY
- Operating income: +4.1% YoY

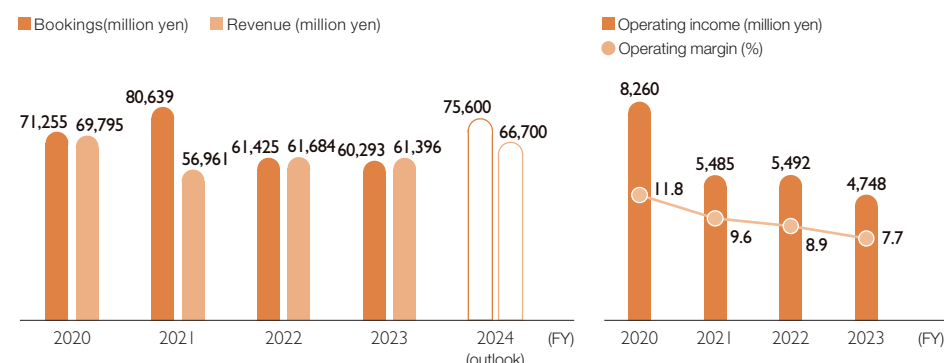
Performance fell off due to the dissipation of positive impact generated previously through investment aimed at enhancing communication lines used primarily for teleworking. Focusing on leveraging our abundant expertise and digital technologies, we generated performance expansion through co-creation businesses targeting corporate clients. However, this performance fell short of our initial expectations.

#### Fiscal 2024 outlook

- Bookings: +4.7% YoY
- Revenue: +6.0% YoY

We continue to anticipate expansion in performance generated through co-creation businesses targeting corporate clients. Moving forward, we plan to broaden our collaboration with Internet service providers (ISPs). Additionally, through existing network business domains, we will advance proposals aimed at increasing bandwidth and reducing operational load.

### Public Business



#### Fiscal 2023 results

- Bookings: -1.8% YoY
- Revenue: -0.5% YoY
- Operating income: -13.5% YoY

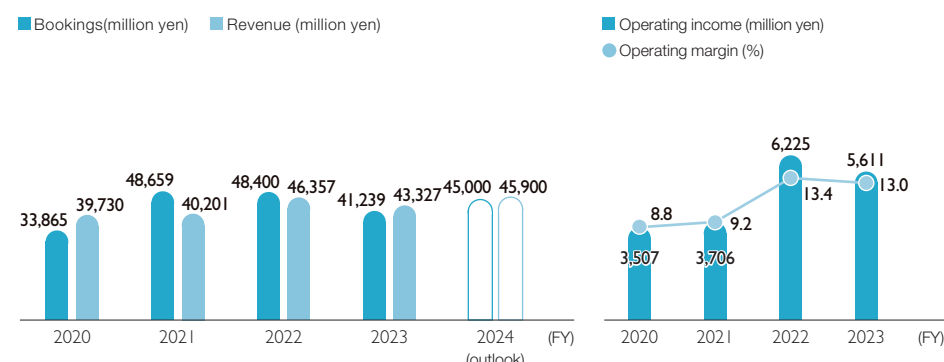
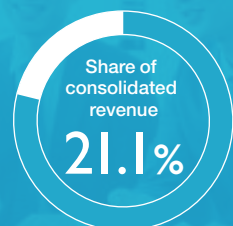
In terms of municipal governments, we secured several large projects but also lost some bids. With regard to social infrastructure, we secured projects focused on upgrading operations and others associated with cloud systems. Meanwhile, in the healthcare category, we acquired projects related to large-scale cloud systems. On the other hand, the booking of orders for multiple projects was delayed until fiscal 2024.

#### Fiscal 2024 outlook

- Bookings: +25.4% YoY
- Revenue: +8.6% YoY

We project an abundance of projects linking municipal systems to the Government Cloud and expect to acquire several major projects as well. Furthermore, through our expertise concerning consulting and system operations, we anticipate acquisition of orders in association with projects surrounding security and cloud utilization.

### Partner Business



#### Fiscal 2023 results

- Bookings: -14.8% YoY
- Revenue: -6.5% YoY
- Operating income: -9.9% YoY

Performance generated through security enhancement business operations was favorable, but we encountered market competition surrounding some low-priced products, and the booking of orders associated with some major projects was pushed back until fiscal 2024 or later. Additionally, the boost previously provided by orders booked in association with Wi-Fi service projects for managed service providers (MSPs) during fiscal 2022 dissipated, and we observed corresponding year-on-year negative impact.

#### Fiscal 2024 outlook

- Bookings: +9.1% YoY
- Revenue: +5.9% YoY

We mainly expect performance growth due to the acquisition of Wi-Fi service projects for Managed Service Providers (MSPs). At the same time, we aim to expand our security and cloud service lineups in anticipation of future demand growth while further intensifying our collaboration with partner companies.

# Enterprise Business

## Business Overview

### Business details

The Enterprise business targets major private companies in the manufacturing and non-manufacturing industries, as well as domestic financial institutions and foreign companies. By developing and optimizing entire ICT platforms, including cloud systems, we help our customers boost their competitiveness through improved information utilization, work style innovation, and cost reductions.

In recent years, we have also participated in proof-of-concept projects aimed at both facilitating the use of digital data at manufacturing sites by establishing

network environments and data processing platforms and supporting decarbonization efforts through the visualization of power consumption.

Additionally, with the expanding connections linking systems to external environments, driven largely by the proliferation of cloud systems and remote work, we evaluate our clients' current ICT platforms and establish guidelines. We also provide suggestions regarding how to integrate network and security functions to optimize data authentication, monitoring, and routing within ICT environments.

### Primary customer industries

 Manufacturing

 Non-manufacturing

 Finance

Primary needs	●Cloud systems ●Security measures ●Work style innovation	
Strengths	●Strong customer confidence Since the emergence of the Internet in the early 1990s, we have consistently supported the ICT utilization of our customers. We design and integrate high-quality network systems using advanced technologies while also delivering troubleshooting and maintenance services. Through the optimal integration of technologies developed through different design approaches and products from multiple manufacturers, we have delivered the highest possible return on investment for our customers. Leveraging the deep trust we have earned through these activities, we can consistently acquire and develop a diverse range of technologies and expertise that no single manufacturer could ever hope to match.	●ICT utilization expertise that can be shared with customers With the advancement of digital data utilization and work style innovation, ICT platforms are quickly becoming more advanced and complex. To streamline the design and operation of ICT platforms, we share our proven expertise with customers, helping them achieve more responsive and practical use of ICT. While managing ICT platforms on behalf of our customers, we identify issues and use this insight to provide recommendations that support their future business development.

### Growth potential

Ensuring the effective utilization of rapidly evolving digital technology requires well-integrated and stably operated ICT platforms. In addition to requirements related to security enhancement ensuring the safe use of data distributed across cloud environments and remote work settings, we are also observing growth in demand for ICT utilization in manufacturing environments and for balancing data use with ICT governance within corporate groups. In the financial industry, we anticipate ongoing demand for technology and platform upgrades, while in the manufacturing and non-manufacturing industries, we expect demand for broader ICT utilization in business activities.

### Profitability

The Net One Group generates about 60% of its Enterprise business revenue through services, giving the Enterprise business the highest service ratio and profitability of the Group's four businesses. We maintain high levels of service revenue primarily through operations focused on optimizing the lifecycles of ICT systems. Due to the effects of COVID-19 and reduced investment in the manufacturing industry, the Enterprise business operating margin declined in fiscal 2020 and 2021 before improving in fiscal 2022. Although the service ratio decreased in fiscal 2023 due to revenue growth for the Enterprise business overall, we were nevertheless able to secure year-on-year growth in both revenue and profit.

## Growth Strategy

Vision

Contribute to the resolution of social challenges by sharing visions for the future of ICT utilization

### Strategy and outlook

#### Deliver issue-solving lifecycle services and propose comprehensive system designs for the future

Net One Systems assists in developing its clients' digital transformation strategies by expanding the scope of its proposed solutions to include comprehensive system optimization in addition to core conventional services such as network system design, integration, maintenance, and operation. We have accumulated extensive experience and insight through our rich history of successfully deploying, integrating, and subsequently operating systems for clients. Leveraging this expertise, we present highly effective plans as comprehensive system designs while collaborating with clients to fully optimize their ICT platforms.

To keep up with growing demand, we remain dedicated to nurturing talent in upstream processes such as consulting and project management, deploying proven, standardized systems of uniform quality, and enhancing service excellence and value.

#### Business expansion in production technology and other categories of business ICT

As digital transformation initiatives expand within the manufacturing industry, the demand for better production capacities, higher quality, and greater automation and autonomy continues to grow. We support productivity-enhancing smart manufacturing by utilizing proven technologies and design concepts to link all business activities through data. When multiple devices are ill-equipped in terms of connectivity, complicating the data procurement process, we provide optimal solutions that fully leverage our technical capabilities—combining the information technologies of ICT systems and the technologies used to control and manage industrial equipment—and our track record in system integration for large-scale factories. We also take full advantage of our multi-vendor approach to deliver unbiased proposals that fulfill the requirements of both the information systems and production technology departments of our clients.

### Efforts associated with strategic priorities

#### Implementation of digital and green transformation

While pushing forward with cybersecurity initiatives, we continue to develop large-scale networking for factories by leveraging both wireless technologies and data arising from production processes to support objectives such as preventive maintenance, traceability, and the visualization of electrical power consumption for decarbonization. Additionally, we facilitate the ideal selection of cloud solutions for organizations moving toward more comprehensive and integrated utilization of cloud computing while also providing support for increasingly complicated operational management.

#### Enhancement of security and ICT governance

As the use of cloud technology and other ICT expands, we continue to observe demand for management, authentication, and access control for externally distributed data. While performing network design assuming the use of both in-house ICT platforms and cloud technology, we are also broadening the scope of our proposed security enhancement solutions, anticipating the potential adoption of zero trust network access as a means of ensuring safe access to information assets.



## Focus

## Delivering next-generation security designed for the new social landscape

## SASE model

Range of Net One Systems' activities

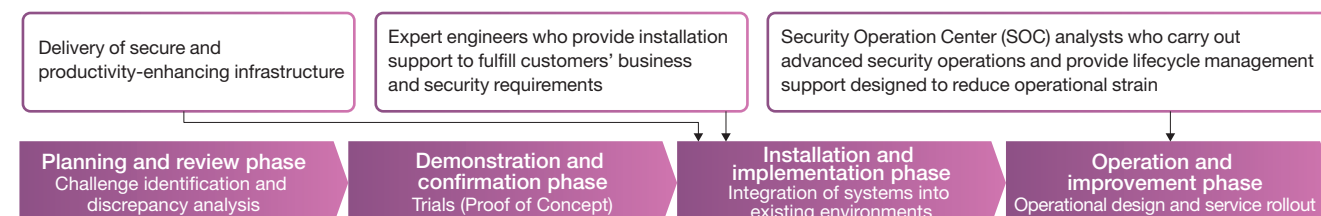


Our business environment is changing as remote work and the utilization of cloud services become more widespread. Executing new ICT strategies to enhance operational efficiency and productivity while providing flexibility for employee workstyles will require both the reinforcement of ICT platforms and security enhancement with a focus on accelerating cloud utilization. Additionally, next-generation ICT platforms must have the flexibility to quickly adapt to changes in network traffic, usage time, and resource utilization, while also ensuring security for safe communication across both internal and external systems, and reducing operational load through simplified architecture.

Consequently, attention has shifted to SASE, which

integrates both network and security functions into a single cloud-based service. SASE simplifies network configurations and achieves zero trust security frameworks through consistent protective protocols, while also enhancing the visibility and control of ICT platforms through centralized management. In anticipation of growing demand, Net One Systems provides comprehensive network and security services necessary for the implementation of SASE. To improve ICT system efficiency and ensure stable operations, we deliver a range of optimal solutions customized to our clients' business environments, encompassing analyses of current conditions, design adjustments, license distribution, and advanced operational support for the security lifecycle.

### Features of Net One Systems' services



## Examples of solution implementation

## Ensuring efficient operation and stable performance through advanced managed services

When implementing SASE, many companies face challenges such as redesigning their existing networks and security policies, a shortage of security engineers capable of handling lifecycle management, and increasingly complex system administration. They also need to implement security measures to ensure the proper handling of extensive amounts of confidential data. To help address these challenges, we offer “netone Managed SASE powered by Prisma® Access,” a managed service that supports advanced security and lifecycle management.

## Customer challenges

- Inability to quickly respond to changes in system requirements arising from variations in workforce size or number of business locations
- Insufficient security measures for mobile devices used outside the office resulting from the proliferation of remote work
- Rising configurational complexity and growing risk of errors and other operational issues accompanying expansion in security products used in data centers

## Solutions

- ICT platform-related solutions customized to meet client business and security needs and proposed by expert engineers with deep experience and knowledge
- Updating ICT platforms to enable continuous traffic monitoring and zero trust security
- Delivery of managed services that support entire ICT lifecycles, covering assessment, PoC, design, integration, and operation

## Results achieved through our proposed solutions

- Creation of flexible ICT platforms that can be quickly scaled up or down according to network traffic and resource usage
- Development of hybrid work environments ensuring secure access to business systems at all times and from all locations
- Achievement of efficient system operation and stable performance through optimal SASE utilization

### Sales representative commentary

Net One Systems took part in the development and operational design of customer ICT environments, aiming to achieve integrated management enabling central control of all operational aspects through data consolidation. I was responsible for the customer's systems, which comprised a combination of products from different manufacturers, and thanks to Net One Systems' extensive experience, its strong relationships with these manufacturers, and its ability to perform thorough testing using actual equipment and devices,

we successfully delivered an ICT system that reliably met the customer's needs and requirements. To establish the ideal ICT system for our client, we proposed a detailed migration plan leveraging our zero trust expertise and experience, and by delivering a thoroughly tested and proven configuration, we ensured the system's effectiveness. The client was highly appreciative of our technical insight regarding system implementation and expressed eagerness for additional proposals from Net One Systems.

# Telecom Carrier Business

## Business Overview

### Business details

Net One Systems has expanded its Telecom Carrier business by focusing on the integration of communication networks owned by telecommunications carriers and ISPs. Recently, the Company has also been involved in the integration of cloud systems, security, and Fifth Generation Mobile Communication System (5G)-related service platforms that complement these communication networks.

Amid a recent upsurge in investment targeting digital transformation, the Company has encountered growth in opportunities for providing products and technical support within the realm of corporate business, an area of focus for its

customers. We take part in new projects by providing high-value proposals that integrate multiple advanced technologies, including proving the technical feasibility of innovative ideas through Proof of Concept (PoC) testing. Building on the partnerships established through these efforts, we support the early launch of new services while reducing planning and development costs. Together with its customers, Net One Systems aims to support ICT platforms as a key component of social infrastructure while striving for the co-creation of value through the application of ICT.

### Primary customer industries



Telecom carriers



Internet service providers (ISPs)

Primary needs	●Service infrastructure ●Corporate support businesses	
Strengths	●Extensive track record in designing and developing large-scale networks	●Advanced network design-backed ability to propose operational solutions
	Over the past 30-year period, which began as the share of the population with Internet access started to expand, we integrated many of the most prominent large-scale network systems in Japan. We have accumulated extensive experience building technically complex, nationwide high-speed communication and mobile communication networks, large-scale data centers, and ICT platforms using virtualization technology. Our involvement spans from testing the most advanced technologies of each era to evaluating manufacturer products for real-world use; we are proud to have pioneered network technology while opening new markets in Japan.	The networks of telecom carriers must meet high standards of quality, reliability, and fault tolerance. With our integration technology, we address the multifaceted requirements of ICT platform development, encompassing performance and functionality testing and assessment, system design performed in accordance with assessment results, and collaboration with overseas product vendors. Furthermore, drawing from our extensive experience and knowledge, we propose solutions facilitating enhancements in operational management, which is rapidly becoming more diverse and complex.

### Growth potential

Demand for large-scale equipment used in telecommunications facilities reached its peak in the early 2010s. The spread of COVID-19 led to a temporary increase in revenue as facilities were expanded to support telework and video streaming. Meanwhile, Net One Systems' fields of business are broadening as its customers focus on strengthening services outside of the telecommunications sector. We fulfill our customers' needs by building and supporting the operation of service delivery platforms, assisting in the development of new services, and participating in co-creation businesses aimed at exploring new corporate markets.

### Profitability

Due to the sale of large-scale equipment, only about 40% of Telecom Carrier business revenue is generated through services on average, which is lower than the companywide average. However, our Telecom Carrier business serves a limited customer base, which minimizes SG&A expenses and enables the business to generate operating income on par with our other businesses. By shifting the focus of this business from equipment sales to service development and early involvement in the integration of ICT platforms, as well as the delivery of advanced operational services, we aim to enhance profitability while contributing to the growth of our customers' businesses.

## Growth Strategy



### Strategy and outlook

#### Proposing co-creation business opportunities for telecom carriers

Through collaboration with telecom carriers, Net One Systems is expanding its co-creation business operations targeting corporate clients. We integrate our knowledge in building network and cloud service infrastructures provided by telecom carriers with the expertise in corporate ICT platform integration that we have cultivated in the Enterprise business. Through this approach, we deliver cloud services and IoT solutions that strengthen the competitiveness of companies. Through our co-creation efforts, we strive to improve the satisfaction of our customers, which include both telecom carriers and their clients, by creating new value. At the same time, we support the sustainable growth and development of markets in

Japan. Under our co-creation model, we are recommending new solutions aimed at addressing technological issues. As an example of these efforts, we are participating in 5G demonstration experiments utilizing multi-access edge computing (MEC<sup>\*1</sup>) technology while supporting the corporate business operations of telecom carriers by sharing expertise and collaborative environments for testing and verifying smart factory technologies and solutions. Moving forward, we will use the results of our evaluations to develop solutions and create new business opportunities for corporate clients.

\*1 Multi-access Edge Computing: A network architecture concept that facilitates the processing of large amounts of data closer to the user devices and equipment through which it is generated

### Efforts associated with strategic priorities

#### Strengthen corporate business through collaboration with telecom carriers

Turning our attention toward the non-telecommunications area on which telecom carriers are focusing, we plan to establish an original co-creation model for corporate businesses. In terms of planning and proposals, we will push forward with co-creation efforts involving the corporate service planning departments of our clients while continuing to explore new product opportunities. With regard to service delivery, we will promote the development and deployment of sales expansion tools through mutual collaboration with customers and manufacturers while expanding and streamlining proposal activities using standardized systems. With respect to the marketing of large-scale equipment for telecommunication facilities, we will continue to base our future decisions on comprehensive assessments of profitability and other critical factors.

#### Expanding solutions for MSPs and pioneering new markets

Through its co-creation efforts targeting corporate businesses, Net One Systems supports the planning, development, and sale of managed service provider (MSP) services that deliver a comprehensive range of solutions extending from ICT service implementation to monitoring and operation on behalf of clients. In addition to our lineup of network and cloud services, we are working to launch security solutions such as SASE technology and to establish a Network as a Service (NaaS) market that delivers the core functionalities for network utilization. Moreover, we are pushing forward with efforts targeting the development of digital infrastructure designed to improve the efficiency of service delivery.



# Public Business

## Business Overview

### Business details

Net One Systems is supporting public institutions by strengthening the security of public data and developing shared infrastructure that optimizes investment costs. Our primary customers include local governments (and the administrative and educational organizations within their jurisdiction), educational institutions (universities and research institutes), companies providing social infrastructure (power, gas, railways, cable television, etc.), and healthcare providers (hospitals). Within Japan's municipal market, core information systems are becoming more uniform and standardized as the market transitions toward a more

centralized Government Cloud platform. We support local public entities as they aim to implement digital government initiatives while also recommending ways ICT can be used to digitalize administrative procedures and improve services for residents. Furthermore, we plan to further transform the Company by leveraging knowledge and experience gained through socially significant projects undertaken in the fields of education, social infrastructure, and healthcare to deliver proposals facilitating the development of infrastructure that supports the stability of societal foundations.

### Primary customer industries

Local governments

Educational institutes

Social infrastructure

Healthcare

Primary needs	•Cloud systems •Security measures •On-campus networks	
Strengths	•Consulting capable of identifying and defining customer challenges Following rapid and thorough security enhancement implemented in 2016, demand within Japan's municipal market for ICT utilization has been growing, particularly in the areas of cloud technology adoption, the shift to online administrative procedures, and the implementation of teleworking. We robustly support our customers' digital transformation efforts by leveraging our critical assessment skills to identify fundamental challenges and propose the best solutions from a neutral standpoint, as well as our integration capabilities to implement these solutions.	•Proposals capable of optimizing ICT lifecycles While developing concepts and systems that provide customer support throughout all stages of the ICT lifecycle, the Net One Group also delivers optimal solutions and services by leveraging its strengths in integrating advanced technologies, including network technologies in particular. We enhance relationships with our customers by consistently making proposals that focus on overall optimization, ranging from operational improvements to the formulation of comprehensive system designs over the medium to long term.

### Growth potential

Following an unauthorized access incident in 2016, which led to a fundamental review of municipal security measures, we have steadily captured upgrade demand associated with the GIGA school concept, security cloud systems, and security enhancement projects. The success of our business growth hinges on our ability to propose ICT application methods that promptly address social conditions and challenges. In the fields of electricity, gas, railways, and healthcare, we are observing a growing movement toward reassessing information infrastructure in anticipation of changes in business structures. Moving forward, we plan to expand our comprehensive support services to enable the effective utilization of ICT, thereby facilitating the achievement of digital transformation.

### Profitability

The ratio of revenue generated through services (service ratio) is the second-highest in our Public business, following the Enterprise business, making it a key driver of the Group's overall profit generation. We have enhanced the profitability of this business by addressing all aspects of ICT platforms; focusing on capturing more opportunities for direct transactions with customers, thereby avoiding reliance on comprehensive ICT vendors; and expanding our range of services, which includes maintenance and operational support.

As time progresses, we aim to further expand our stable revenue base by enhancing our operational and managed services.

## Growth Strategy

Vision

Provide a safe and secure ICT platform for social infrastructure and realize a sustainable society

### Strategy and outlook

#### Supporting a rapidly digitizing market by proposing comprehensive ICT platform optimization that covers operational requirements

Having enhanced its proposal and technical capabilities, Net One Systems is now able to integrate and maintain entire ICT platforms, which are becoming increasingly sophisticated as a result of security enhancement and their use as shared infrastructure. By ensuring proper use of existing client ICT platforms, we support functional expansion and system operations to improve service convenience and business efficiency. Additionally, by establishing, and improving the convenience of, platforms that facilitate secure connections to cloud and other services, we help upgrade ICT infrastructure in local communities, solve regional challenges through the digitalization of public services, and stimulate regional revitalization through the digitalization of educational systems. We also contribute to the efficiency and revitalization of businesses in the electricity, gas, railways, and healthcare industries through the effective use of data.

#### Participate in bidding focused on value-added proposals such as ICT utilization and provision of functions

Net One Systems supports its customers from the initial stage of comprehensive ICT strategy formulation. At the same time, by serving as a strategic partner throughout the entire ICT lifecycle, we enhance our relationships with customers, leading to successful bids through a comprehensive evaluation process. Adopting a problem-solving approach, we design ICT platforms critical for digital transformation and convert the technologies leveraging the functionality thereby generated into standardized services, which we then provide to customers who are actively pursuing digital transformation. Furthermore, with regard to bidding based on comprehensive evaluation criteria, we create a competitive edge with proposals combining design driven by technical expertise with innovative financial services to deliver functional solutions.

### Efforts associated with strategic priorities

#### Shift to cloud computing for ICT platforms, strengthen security

Net One Systems focuses on business areas in which ICT utilization is anticipated, including municipal systems and social infrastructure. While prioritizing efforts aimed at improving the convenience of service users, who are the customers of our clients, we steadily fulfill demand associated with data governance-based security measures, group business restructuring, and group infrastructure enhancement.

#### Social infrastructure to realize Society 5.0

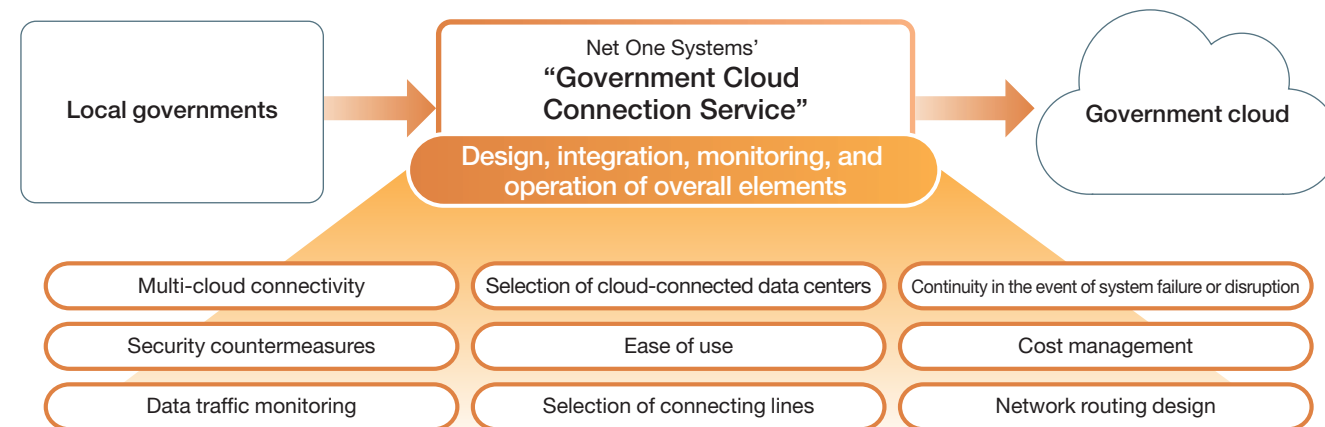
Ensuring proper data utilization, we capture demand for business efficiency in public sectors such as electricity, gas, railways, and healthcare. We propose platform integration that contributes to the stability and expansion of social infrastructure. Our proposals encompass upgrades to electricity, gas, railway, and healthcare infrastructures to enhance maintenance and management of facilities through the utilization of digital technology, as well as cybersecurity measures and the stable operation of increasingly complex systems.

## Focus

Connecting local municipalities to government cloud-based systems with the aim of facilitating the digital transformation of administrative services

### Government cloud structure

Range of Net One Systems' activities



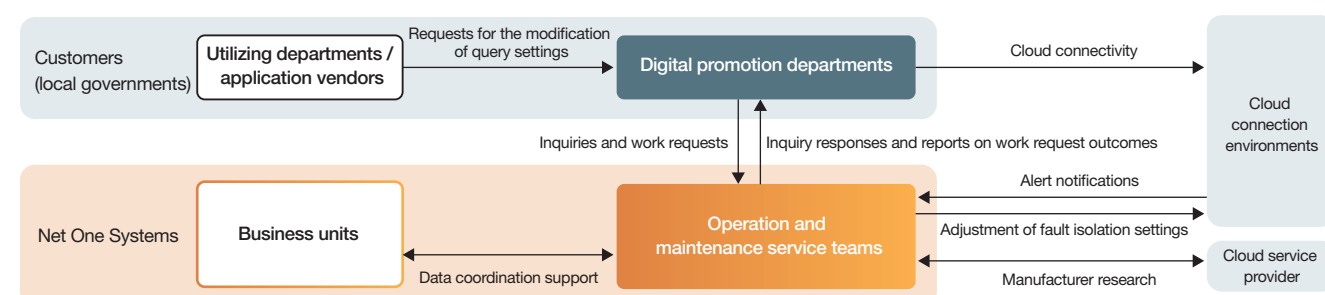
The Priority Plan for Realizing a Digital Society clearly lays out measures the Japanese government ought to implement quickly and decisively. The plan's core concept focuses on addressing local societal challenges while advancing the digital transformation efforts of Japan's national government, aiming to create a society in which digitalization allows everyone to live conveniently and comfortably anywhere in the country.

Municipalities currently face the urgent challenge of developing data-linking platforms designed around the effective utilization of data through government cloud-based efforts such as the digitalization of administrative services and infrastructure development. In addition, with many digital services being delivered via the cloud, municipalities need to expand their ICT platforms to support both on-premises systems and cloud environments.

To help advance these initiatives, we provide multi-cloud connectivity services that establish the environments needed to connect to cloud-based government systems and support services for managing cloud operations within these environments. Additionally, we proactively collect information issued by the Digital Agency, verify and review it, and build secure cloud networks compliant with national policies. Our extensive understanding of the existing municipal network structures, which includes knowledge covering three-tiered security strategies<sup>\*1</sup>, has generated many opportunities for us to present proposals throughout Japan.

<sup>\*1</sup> Security measures that separate municipal networks into three layers (one for administrative services associated with Japan's My Number system, another for systems connected to local government wide area networks [LGWAN], and a third for Internet-connected systems); each layer has specific security rules that manage the data it handles and how it connects to external systems

### Overview of government cloud connectivity and operations<sup>\*2</sup> service



<sup>\*2</sup> Separate maintenance contracts required

### Examples of solution implementation

## Enabling a smooth transition to government cloud infrastructure through collaborative efforts

Municipal Service Window DX SaaS is one of the services operating within the government cloud framework. Established for shared use on the government cloud, this service digitizes and streamlines the operations of municipal counters. Net One Systems has collaborated with Kitami Computer Business, which was selected as one of the providers for Municipal Service Window DX SaaS. Leveraging the long-standing technological capabilities and knowledge we have accumulated as a network integrator, we have designed and developed government cloud connection services while facilitating the smooth introduction of Municipal Service Window DX SaaS.

### Customer challenges

- Compliance with strict security requirements required when connecting to the government cloud
- Lack of expertise and technical knowledge required for the establishment of government cloud connection environments
- Difficulty securing the human resources to begin operating Municipal Service Window DX SaaS

### Solutions

- Comprehensive design and integration of networks covering all components, from internal on-premises infrastructure to government cloud systems
- Establishment of government cloud connection environments through research into national policies, requirements, and specifications and the preparation of documents including procedural manuals and design specifications
- Support for the reform of municipal counter operations through collaboration with Kitami Computer Business

### Results achieved through our proposed solutions

- Established government cloud connection environments that fulfill security requirements
- Efficient implementation of Municipal Service Window DX SaaS achieved through collaboration between Net One Systems and Kitami Computer Business, facilitating a quick startup and addressing human resource shortages during the preparation phase

### Partner company commentary Kitami Computer Business

Providing Municipal Service Window DX SaaS requires government cloud connectivity. Net One Systems designed and built a reliable network environment that enabled smooth service delivery. Additionally, through close information exchange with Net One Systems, our company was able to deepen its understanding of the government cloud. Leveraging the experience gained through this collaboration, we will target functional enhancements aimed at promoting the usage of Municipal Service Window DX SaaS.

### Sales representative commentary

When undertaking projects associated with the establishment of government cloud connection environments, we have prepared by identifying the necessary requirements and specifications in accordance with government policy and producing a variety of documents including procedural manuals and system designs. Net One Systems sets itself apart largely through its team of engineers, who are well-versed in networks and public cloud systems. We have established a successful history of integrating on-premises environments with public cloud systems, connecting municipalities with Municipal Service Window DX SaaS, and facilitating the digitalization of resident services. As we continue to support local governments throughout Japan moving forward, we will convert this practical expertise into standardized methods and procedures that increase our operational efficiency.

Sales representatives,  
Public Business Strategy Department,  
East Japan Business Unit 1





# Partner Business

## Business Overview

### Business details

In the Partner business, we operate a resale business that offers products and services through collaboration with system integrators who develop and operate comprehensive information systems on behalf of clients. The Net One Group aims to establish itself as a distributor of advanced technology by leveraging its expertise, robust and innovative business foundation, and superior critical assessment capabilities. While promptly delivering new technologies through the advanced technical capabilities of our TAKUMI

(experts), we leverage our strong relationships with vendors to contribute to the success of our customers' businesses, enhance corporate value, and drive social progress in collaboration with our partner companies. As partner companies shift their focus toward services and solutions and transition to subscription-based business models, the Net One Group creates new businesses with these partners by providing the components and value necessary for achieving digital transformation and successfully shifting to services.

### Primary customer industries



System integrators

Primary needs	●Networks ●Cutting-edge ICT products	
Strengths	●A diverse range of products from overseas Our multi-vendor approach, which enables us to avoid relying on any single manufacturer or capital affiliation, is a major strength of our resale business. Through the skillful integration of a diverse range of cutting-edge products, we are able to deliver high-quality networks that best meet the specific requirements and environments of our customers.	●Robust value-added services Drawing on the extensive technical capabilities and expertise we developed over our many years of operation while leveraging our facilities, which rank among the largest and most technologically advanced in Japan, we provide comprehensive support to our partner companies, covering an extensive range of requirements extending from pre-installation quality assurance, technical testing, and proposal support to post-installation maintenance services.

### Growth potential

Sales of ICT platform products targeting system integrators, particularly network equipment from Cisco Systems, are steadily expanding. Our ability to source products from overseas, cultivated over many years since our founding, and the strong partnerships bolstered by our sophisticated quality control processes are the driving forces behind our business growth. At the same time, our growth has also been attributable to the sale of specific products provided by partner companies functioning as MSPs. By offering technical support and high value-added products in addition to the resale of equipment, we have expanded our business opportunities. Furthermore, demand growth driven by the advancement of digital transformation is accelerating our growth.

### Profitability

Our Partner business has an earnings structure very different from those of our other three businesses, which primarily conduct transactions directly with customers. The Partner business focuses mainly on the wholesale of equipment (indirect transactions not linked directly with end-clients), and the share of its revenue generated through services (service ratio) is accordingly about 20%, the lowest among our four businesses.

At the same time, the gross profit margins generated by product sales in the Partner business are similar to our companywide average gross profit margin on product sales because in addition to product evaluation and procurement, Partner business product sales include value added through quality assurance, technical verification, and proposal support. Operating margins secured through the Partner business are also on par with those generated through our other businesses, as we operate this business with a small workforce, allowing us to keep SG&A expenses under control.

## Growth Strategy



### Strategy and outlook

#### Establish a collaborative model with partner companies

Since its founding, the Net One Group has focused on collaborating with partner companies, delivering enhanced value in a range of forms extending from sales support and the implementation of advanced ICT products and services to maintenance assistance. By keeping up with cutting-edge technology and market trends and introducing partner companies to highly regarded products, solutions, and vendors attracting attention both in Japan and overseas, we provide optimal solutions tailored to the needs of our clients' customers. As the demand for digital transformation expands, the Net One Group leverages its expertise in product selection, technical support, and logistics to assist partner companies, thereby reinforcing its strong position in the Japanese market.

#### Expanding and enhancing proposals concerning strategic products and solutions

In response to ever-evolving ICT market conditions and management environments, the Net One Group will continue to drive structural changes in society through collaboration with its partner companies. In addition to core network equipment, we aim to expand our delivery of ICT platform products and cloud-based solutions associated with networking and security. Moving forward, we will maintain our emphasis on presenting forward-looking information predictive of future trends while providing technical support facilitating the proposal activities of partner companies. The Net One Group helps drive business development for its partner companies through high value-added solutions that leverage both its strong relationships with various vendors and its technical capabilities, quality management, and logistical support.

### Efforts associated with strategic priorities

#### Expand solution businesses for partner companies

Adopting a multi-vendor approach, we devise ICT product combinations based on our deep understanding of their attributes, thereby generating optimal systems for our customers. We furnish the operational platforms necessary for the service development of our partner companies, including solution verification labs, kitting environments for ICT equipment sales, and logistical support. Through these efforts, we support the rapid market rollout of new services.

#### Develop solutions for MSPs

By proposing products appropriate for specific businesses and ensuring thorough supply management, the Net One Group continues to expand its market reach, efficiently servicing customers who are less accessible through direct contact.