

Consolidated Financial Data

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Bookings	million yen	154,582	146,216	144,684	138,103	158,181	163,843	180,957	204,607	203,520	231,844	219,807	201,448
Service business	million yen	53,147	57,490	57,935	56,291	63,736	71,220	79,658	88,855	89,408	103,940	101,220	103,677
Year over year	%	4.8	8.2	0.8	(2.8)	13.2	11.7	11.8	11.5	0.6	16.3	(2.6)	2.4
Composition ratio	%	34.4	39.3	40.0	40.8	40.3	43.5	44.0	43.4	43.9	44.8	46.0	51.5
Order backlog	million yen	51,316	55,104	58,259	56,192	58,423	68,920	75,052	93,517	94,915	139,160	149,066	145,388
Revenue	million yen	154,869	142,427	141,529	140,170	153,124	153,346	174,825	186,353	202,122	188,520	209,680	205,127
Year over year	%	(1.8)	(8.0)	(0.6)	(1.0)	9.2	0.1	14.0	6.6	8.5	(6.7)	11.2	(2.2)
CAGR ^{*1} (three years)	%	7.6	2.9	(3.5)	(3.3)	2.4	2.7	7.6	6.8	9.6	2.5	4.0	0.5
Service business	million yen	50,350	53,763	54,545	56,139	59,611	63,237	74,416	79,768	85,293	83,908	94,776	100,642
Year over year	%	3.6	6.8	1.5	2.9	6.2	6.1	17.7	7.2	6.9	(1.6)	13.0	6.2
Share of total	%	32.5	37.7	38.5	40.1	38.9	41.2	42.6	42.8	42.2	44.5	45.2	49.1
Gross profit	million yen	36,266	31,699	31,916	29,015	34,843	36,515	43,206	48,953	55,913	51,786	50,367	52,555
Gross profit margin	%	23.4	22.3	22.6	20.7	22.8	23.8	24.7	26.3	27.7	27.5	24.0	25.6
Selling, general and administrative expenses	million yen	27,814	28,556	28,157	27,391	29,475	29,590	31,397	32,453	36,239	34,995	29,731	33,022
SGA ratio	%	18.0	20.0	19.9	19.5	19.2	19.3	18.0	17.4	17.9	18.6	14.2	16.1
Operating income	million yen	8,451	3,142	3,759	1,623	5,368	6,925	11,809	16,499	19,673	16,790	20,635	19,533
Year over year	%	(44.5)	(62.8)	19.6	(56.8)	230.6	29.0	70.5	39.7	19.2	(14.7)	22.9	(5.3)
CAGR ^{*1} (three years)	%	19.1	(18.0)	(37.3)	(42.3)	19.5	22.6	93.8	45.4	41.6	12.4	7.7	(0.2)
Operating margin	%	5.5	2.2	2.7	1.2	3.5	4.5	6.8	8.9	9.7	8.9	9.8	9.5
Net income attributable to owners of the parent	million yen	4,324	983	1,453	(124)	1,075	4,551	7,155	9,817	12,321	11,225	14,458	13,720
Total assets	million yen	92,924	90,624	103,013	99,266	102,038	102,502	121,494	135,764	155,782	161,713	178,651	164,909
Cash and deposits	million yen	18,580	18,184	19,374	20,668	16,236	21,953	23,305	31,473	32,429	20,281	35,509	32,035
Interest bearing liabilities (mainly lease obligations)	million yen	1,882	2,173	4,700	5,832	6,994	7,306	12,442	16,109	21,498	41,069	36,552	28,531
Net assets	million yen	61,387	57,263	56,109	52,896	51,943	53,847	58,584	65,337	73,795	68,547	75,764	76,814
Equity ^{*2}	million yen	61,190	57,196	56,014	52,777	51,815	53,686	58,420	65,053	73,513	68,363	75,620	76,683
Equity ratio	%	65.8	63.1	54.4	53.2	50.8	52.4	48.1	47.9	47.2	42.3	42.3	46.5
D/E ratio	times	0.03	0.04	0.08	0.11	0.13	0.14	0.21	0.25	0.29	0.60	0.48	0.37
Net D/E ratio	times	(0.27)	(0.28)	(0.26)	(0.28)	(0.18)	(0.27)	(0.19)	(0.24)	(0.15)	0.30	0.01	(0.05)
Return on Equity	%	6.9	1.7	2.6	(0.2)	2.1	8.6	12.8	15.9	17.8	15.8	20.1	18.0
Return on Assets	%	9.0	3.9	3.9	1.7	5.3	6.9	10.8	12.7	12.5	10.6	12.1	11.1
Book-value per share	yen	699.63	676.65	662.62	624.24	612.64	634.47	689.97	767.89	867.48	832.48	920.08	967.03
Dividend per share	yen	34.00	34.00	30.00	30.00	30.00	30.00	37.00	45.00	64.00	72.00	74.00	77.00
Earnings per share	yen	48.89	11.40	17.20	(1.47)	12.72	53.79	84.52	115.90	145.42	134.15	175.95	169.82
Diluted earnings per share	yen	48.89	11.39	17.17	—	12.69	53.65	84.30	115.63	145.09	133.98	175.76	169.65
Cash flows from operating activities	million yen	3,932	1,016	5,291	5,877	259	11,569	6,682	12,281	9,800	(10,874)	34,183	23,872
Cash flows from investing activities	million yen	(3,416)	(3,823)	(1,610)	(2,235)	(1,127)	(1,264)	(1,424)	(1,194)	(3,336)	(1,515)	(1,654)	(4,542)
Cash flows from financing activities	million yen	(7,167)	(5,589)	(3,490)	(3,329)	(3,564)	(3,588)	(3,905)	(5,131)	(5,505)	233	(17,332)	(22,803)
Cash and cash equivalents at end of period	million yen	29,580	21,183	21,374	21,668	17,236	23,953	25,305	31,473	32,429	20,281	35,509	32,035
Total employees	people	2,210	2,422	2,374	2,252	2,284	2,317	2,294	2,431	2,560	2,703	2,548	2,579
Bookings per employee	million yen	70	60	61	61	69	71	79	84	80	86	86	78
Revenue per employee	million yen	70	59	60	62	67	66	76	77	79	70	82	79
Gross profit per employee	million yen	16	13	13	13	15	16	19	20	22	19	20	20
Operating income per employee	million yen	4	1	2	1	2	3	5	7	8	6	8	7

*1 CAGR : compound annual growth rate *2 Equity =Total net assets – Share acquisition rights – Non-controlling interests

Notes 1. Effective from fiscal 2022, we have begun recording a portion of labor costs and other expenses incurred through our engineering division (responsible for the rendering of services) as costs of revenue. These same labor costs and other expenses were previously booked as SG&A expenses.

2. Despite potentially dilutive shares, diluted earnings per share for fiscal 2015 has not been shown because earnings per share was negative.

Glossary

Terminology	Meanings
Expert Operation Center (XOC)	Through our Expert Operation Center (XOC), we provide one of the largest integrated operation management services in Japan. The XOC supports high network availability 24 hours per day, 365 days per year.
Customer success	A technical support process through which we continuously monitor the post-installation usage of ICT systems, and, if performance differs from pre-installation expectations, work with customers to ensure more optimal usage; we also propose modifications to existing systems in response to technological advancements.
Customer facing	This term describes roles or duties that involve direct interaction with customers. To enhance the trust-based relationships we maintain with our customers, we must ensure our organizations and work styles are structurally optimized to maximize the skills and efficiency of personnel responsible for resolving customer issues.
Smart factories	Through the use of IoT networks and other technologies, smart factories create new added value by acquiring, collecting, and subsequently analyzing and applying data regarding all equipment, facilities, and tasks performed by personnel within the factory.
Smart manufacturing	Smart manufacturing aims to decarbonize and enhance manufacturing performance by improving efficiency through the use of IoT, big data, AI, and other technologies. This concept refers to the digitalization of manufacturing, which uses data to connect all corporate activities, including not only factory operations but also product design, supply chain management, production, distribution, and sales.
Three lines model	A model of an organization's risk management and control activities; generally, the first line consists of the business department, the second line the management department, and the third line the internal audit department. In the case of the Company, we have established our own 1.5th line to monitor the first line, thereby ensuring discipline and supporting the establishment of effective business rules.
Security Operation Center (SOC)	Our security monitoring system, which consists of our high-quality security analysis infrastructure and a team of dedicated security analysts.
Zero trust / Zero trust network	A new security measure that replaces the conventional perimeter defense type of security, which protects the internal network from external threats. This mechanism safeguards information assets and ICT assets by verifying the reliability of access through appropriate authorization in an ICT environment where various users and devices are connected, such as cloud use and remote work.
Digital government	A revision by national and local governments of the administrative services they provide through the utilization of digital technology and data, with the aim of transforming the very nature of government itself. Digital government aims to create new value from the perspective of users such as citizens and companies.
2025 Digital Cliff	A term coined in METI's "DX Report" (2018), which refers to the prediction that "there is a possibility that Japan's international digital competitiveness will stagnate after 2025, due to the retirement of IT system personnel who support corporate legacy systems, and the resulting continuation of system black-boxization, as well as a lack of progress in digitalization."
Managed Service Provider (MSP)	A business provider that provides support from line connection to usage. In addition to conducting various analyses that are necessary when introducing ICT systems / equipment, MSPs provide simple usage of equipment similar to home appliances, at a fixed monthly fee.
Lifecycle service	Services that support the development of the ICT infrastructure strategies of customers, by expanding the scope of proposals from traditional services such as design, installation and maintenance to operations, as well as overall system optimization.
Certified information systems security professional (CISSP®)	An internationally recognized professional information security certification granted by the International Information Systems Security Certification Consortium (ISCC2), which was established in 1989. Obtaining CISSP certification is deemed essential for individuals performing information security-related duties at major companies.
Digital Transformation (DX)	The utilization of ICT to create new revenue models and significantly enhance operational efficiency. As it aims to provide valuable lifecycle services, the Net One Group remains focused on the digitalization of business processes (netone DX). In order to improve productivity, we are promoting behavioral reforms, including revisions of organizations and personnel systems.
Electricity visualization service (energy board)	This cloud-based green transformation (GX) solution enables users to visualize the electricity consumption and greenhouse gas emissions of ICT devices, as well as the costs these devices generate on a per-power outlet basis. Developed internally, this service is equipped with data grouping capabilities that support multi-faceted analysis for the development of power reduction strategies in data centers and similar facilities.
Green transformation (GX)	This term refers to viewing efforts to achieve a decarbonized society as opportunities for economic growth and social change. The Net One Group aims to simultaneously contribute to the achievement of a sustainable society and facilitate sustainable growth through cutting-edge ICT.
Innovation Showcase	A platform for sharing information regarding our advanced technologies and collaborating with customers and partners to generate new ideas; the Innovation Showcase introduces technology and provides hands-on demonstrations centered on five themes: digital collaboration, data and AI, cyber-physical systems (CPSs) and digital twins, digital infrastructure, and green transformation (GX).
Lab as a Service (LaaS)	LaaS offers multi-cloud environments tailored to the specific technical requirements of customers while functioning as a hub for the collaborative testing and verification of advanced technologies. LaaS enables users to verify the functionality, security, and costs of systems while also facilitating pre-deployment checks that confirm stability and operational procedures. Through LaaS, we additionally provide technical advice and support to ensure speedy system deployment and effective decision-making.
Multi-access Edge Computing (MEC)	This network architecture concept shortens communication delays and reduces network load by placing servers in decentralized locations near IoT devices and mobile devices, thereby achieving high-speed processing.
Network as a Service (NaaS)	This subscription-based service enables users to access and leverage network functionality and performance capabilities. By utilizing AI, NaaS reduces initial investment in network setup, management workloads, and operating costs. Even without specialized knowledge, users of NaaS can quickly deploy and stably operate network systems.
Secure access service edge (SASE)	SASE is a technological concept according to which security and networking functions are integrated and managed using cloud-based technology. SASE technology allows security to be maintained even when accessing cloud-based networks externally.

Company Information (as of March 31, 2024)

Company Profile

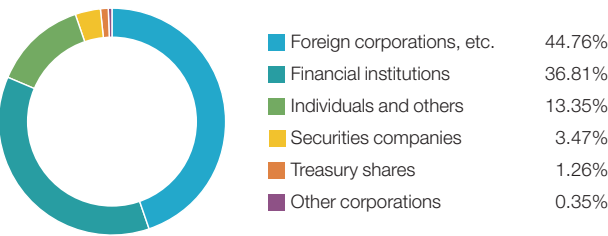
Established	February 1, 1988
Capital	¥12,279 million
Employee count	2,579
Head office location	JP TOWER, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7025

Stock Information

Stock and shareholder information

Total authorized shares	200,000,000
Total shares issued	80,308,700
(includes 1,010,607 treasury shares)	
Shareholder count	14,246
Securities code	7518

Distribution of Shares by Owner Category



External Evaluation (as of July 31, 2024)

Major indices carrying our shares

- JPX-Nikkei Index 400
- JPX Prime 150 Index
- FTSE4Good Index Series
- FTSE Blossom Japan Index^{*1}
- FTSE Blossom Japan Sector Relative Index^{*1}
- MSCI Japan ESG Select Leaders Index^{*1}
- MSCI Japan Empowering Women Index (WIN)^{*1}
- S&P/JPX Carbon Efficient Index^{*1}
- Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)^{*1}

^{*1} Indicates major ESG investment index adopted by the Government Pension Investment Fund (GPIF)

Notes 1. FTSE Russell confirms that Net One Systems has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

2. The inclusion of Net One Systems in MSCI indices, and the use of MSCI logos, trademarks, service marks, or index names herein, does not imply sponsorship, endorsement, or promotion of Net One Systems by MSCI or any of its affiliates. The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Third-party evaluation

- Eruboshi certification
- Kurumin certification
- Outstanding Organization for KENKO (health) Investment for 2024 (large enterprise category)

ESG ratings

- MSCI ESG Rating: AA (second-highest rating)
- FTSE Russell ESG Score: 3.3 (out of 5.0)
- Sustainalytics ESG Risk Rating: 19.9 (low risk)

For information regarding external evaluations, please visit our website.
<https://www.netone.co.jp/english/sustainability/evaluations/>

Notes on included matters

The names of each company in the net one report are trademarks or registered trademarks of each company.

Reference guidelines

Ministry of Economy, Trade and Industry:
Guidance for Collaborative Value Creation
International Integrated Reporting Council (IIRC)
The International Framework



Forward-looking statements

This report contains forward-looking statements that involve inherent risks and uncertainties and therefore may differ materially from actual results. Forward-looking statements are based on information currently available to the Company and investors should not place undue reliance on them. The Company undertakes no obligation to update or revise current forecasts in this report to reflect events, changes in the operating environment or other unforeseen developments that may occur in the future.