Results for FY2012
Ended March 31, 2013
(Strategy)

Net One Systems Co., Ltd.
April 25, 2013 (Stock Code 7518:JP)
Agenda

- FY2012 Result
- Market Analysis
- FY2013 Action Plan
Agenda

- FY2012 Result
- Market Analysis
- FY2013 Action Plan
# FY2012 Bookings, Revenue, Operating Income

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bookings</td>
<td>162,490 - 166,490</td>
<td>154,582</td>
<td>△ 7,908</td>
</tr>
<tr>
<td>Revenue</td>
<td>160,497</td>
<td>154,869</td>
<td>△ 5,628</td>
</tr>
<tr>
<td>Operating Income</td>
<td>11,295</td>
<td>8,451</td>
<td>△ 2,844</td>
</tr>
</tbody>
</table>
Revenue Growth by Market Sector

(yen in millions)

(fiscal year)

2010 2011 2012

SP
-14.4% YoY

AP
+44.4% YoY

EP
-7.4% YoY

NOP
+0.4% YoY
Grown-up Solution - Virtual Desktop Infrastructure (VDI) -

Implemented 30,000 Virtual Desktops

User

- at Office
- at Home
- on the Road

Data Center

Anytime, Anywhere, Anyone, Any-Device in Secure Environment

Reduce Management Cost
Agenda

- FY2012 Result
- Market Analysis
- FY2013 Action Plan
Major Themes of New and Additional Investment

- Server Virtualization
- Upgrading Mobile Environment
- BCP/DR
- Overseas
- SaaS

Source: Gartner

(allow selecting of multiple themes)
Japan Market(2) - Server / Cloud -

Virtual Server
CAGR 34.0%

Private Cloud
CAGR 35.0%

Physical Server
CAGR -1.02%

Public Cloud
CAGR 30.4%

Source: IDC Japan
Japan Market(3) - Mobile Worker -

[Question]
Do you think it needs mobilization of the business IT?

- No: 18%
- Yes: 82%

[Question]
Does your company prohibit the carrying out of the computer?

- No: 30%
- Yes: 70%

Reason of the Prohibition (allow selecting of multiple reasons)

- To prevent information leakage: 90%
- To prevent theft and loss: 80%
- To prevent the attack from a computer virus: 70%
- To prevent the personal use and abuse of company assets: 60%
- To prevent take-out overtime work: 40%

Source: VMware Japan
A High Level View of the IoE/IoT Platform

Distributed IoE/IoT Applications

Distributed IoE/IoT Services and Application Enablement

Distributed (Cloud/Fog/End Point) Computing, Storage, File System, Data Mgmt

IoE/IoT Network

Source: Cisco Systems
Driving Force of NetOne

Internet Penetration Rates
- Internet -

PC Shipment
- LAN -

Smartphone Shipment
- Mobile -

IoE/IoT Platform
- IoE/IoT -

NetOne Revenue

Chart Created by Net One Systems
Agenda

- FY2012 Result
- Market Analysis
- FY2013 Action Plan
“Sustainable Growth” and “Improving of Customer Satisfaction”

Growth
(Top Line / Bottom Line)

- Improving of Customer Satisfaction
- Provide New Platform (Strengthen the NetOne Value)
- Improving of Employee Satisfaction

Alliance  Innovation of Biz. Model  Resource Optimization
to Prevent a Recurrence of Misconduct and to Reduce of Outsourcing Eng. Cost

Centralized Purchasing Function

Reinforcement of the Credit Management Capability

Thorough Profit Management by Biz. Unit
to Understand and to Realize Customer Demand

Improving the Customer Engagement by Using “Solution Briefing Center”

During FY2012, Demonstrated to 155 Companies, and Accepted an Order more than 40 Cases

[ Voice of Customer ]
• Unlike maker demonstration, It’s first time that I look the running multi-vendor ICT systems.
• I was surprised that NetOne has the capability to enable the ICT systems.

Demo Menu

Disaster Recovery
ROI Optimization/Reduce OPEX

VDI
Office
BYOD

VDI
Home

VDI
On the Road
Smart Device

Video Conference/Web Meeting
Focus Solutions

Virtual Desktop / Virtual Data Center / Reduce OPEX

Delivering the Know-How accumulated based on Own Experience

NetOne Virtual ICT Infra.
to Increase the Quantity and Quality of Software Engineers

Expanding the Number of Software Engineers up to 200 by June, 2013

Xseed & Partner  
Partner Partner & Partner

Libra Automation/Distributed Cloud
API, GUI, Script

cloudrop
R&D for New Technology

Next Generation ICT Infrastructure

Core Network
Fusion IP and Optical Network
Traffic Engineering

Data Center
Software-Defined Networking
Cloud Orchestration
Data Center Linkage
Relocated the Head Office for New Work Style

Established a Customer Visit Area
Delivering the Know-How of Effective IT Utilization
## FY2013 Outlook - Bookings -

<table>
<thead>
<tr>
<th>Bookings (unit: million yen)</th>
<th>1Q Amount</th>
<th>1Q Ratio</th>
<th>2Q Amount</th>
<th>2Q Ratio</th>
<th>1H Amount</th>
<th>1H Ratio</th>
<th>2H Amount</th>
<th>2H Ratio</th>
<th>Annual Amount</th>
<th>Annual Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/03</td>
<td>43,366</td>
<td>100.0%</td>
<td>38,124</td>
<td>100.0%</td>
<td>81,490</td>
<td>100.0%</td>
<td>73,092</td>
<td>100.0%</td>
<td>154,582</td>
<td>100.0%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>5,652</td>
<td>13.0%</td>
<td>7,412</td>
<td>19.4%</td>
<td>13,065</td>
<td>16.0%</td>
<td>14,697</td>
<td>20.1%</td>
<td>27,763</td>
<td>18.0%</td>
</tr>
<tr>
<td>Service Provider</td>
<td>21,816</td>
<td>50.3%</td>
<td>15,579</td>
<td>40.9%</td>
<td>37,396</td>
<td>45.9%</td>
<td>35,188</td>
<td>48.1%</td>
<td>72,585</td>
<td>46.9%</td>
</tr>
<tr>
<td>Area &amp; Public</td>
<td>12,038</td>
<td>27.8%</td>
<td>11,455</td>
<td>30.1%</td>
<td>23,494</td>
<td>28.8%</td>
<td>15,527</td>
<td>21.3%</td>
<td>39,021</td>
<td>25.2%</td>
</tr>
<tr>
<td>NOP</td>
<td>3,764</td>
<td>8.7%</td>
<td>3,443</td>
<td>9.0%</td>
<td>7,208</td>
<td>8.9%</td>
<td>7,299</td>
<td>10.0%</td>
<td>14,507</td>
<td>9.4%</td>
</tr>
<tr>
<td>Other</td>
<td>92</td>
<td>0.2%</td>
<td>232</td>
<td>0.6%</td>
<td>325</td>
<td>0.4%</td>
<td>379</td>
<td>0.5%</td>
<td>705</td>
<td>0.5%</td>
</tr>
<tr>
<td>2014/03 [e]</td>
<td>38,000</td>
<td>100.0%</td>
<td>43,500</td>
<td>100.0%</td>
<td>81,500</td>
<td>100.0%</td>
<td>84,500</td>
<td>100.0%</td>
<td>166,000</td>
<td>100.0%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>7,400</td>
<td>19.5%</td>
<td>8,400</td>
<td>19.3%</td>
<td>15,800</td>
<td>19.4%</td>
<td>16,300</td>
<td>19.3%</td>
<td>32,100</td>
<td>19.3%</td>
</tr>
<tr>
<td>Service Provider</td>
<td>17,800</td>
<td>46.8%</td>
<td>20,100</td>
<td>46.2%</td>
<td>37,900</td>
<td>46.5%</td>
<td>40,000</td>
<td>47.3%</td>
<td>77,900</td>
<td>46.9%</td>
</tr>
<tr>
<td>Area &amp; Public</td>
<td>9,200</td>
<td>24.2%</td>
<td>10,300</td>
<td>23.7%</td>
<td>19,500</td>
<td>23.9%</td>
<td>19,000</td>
<td>22.5%</td>
<td>38,500</td>
<td>23.2%</td>
</tr>
<tr>
<td>NOP</td>
<td>3,600</td>
<td>9.5%</td>
<td>4,700</td>
<td>10.8%</td>
<td>8,300</td>
<td>10.2%</td>
<td>9,200</td>
<td>10.9%</td>
<td>17,500</td>
<td>10.6%</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
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<td>-</td>
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</tr>
</tbody>
</table>

### Year over Year

<table>
<thead>
<tr>
<th>Bookings (unit: million yen)</th>
<th>1Q Amount</th>
<th>1Q Ratio</th>
<th>2Q Amount</th>
<th>2Q Ratio</th>
<th>1H Amount</th>
<th>1H Ratio</th>
<th>2H Amount</th>
<th>2H Ratio</th>
<th>Annual Amount</th>
<th>Annual Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year over Year</td>
<td>(5,366)</td>
<td>-12.4%</td>
<td>5,376</td>
<td>14.1%</td>
<td>10</td>
<td>0.0%</td>
<td>11,408</td>
<td>15.6%</td>
<td>11,418</td>
<td>7.4%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>1,748</td>
<td>30.9%</td>
<td>988</td>
<td>13.3%</td>
<td>2,735</td>
<td>20.9%</td>
<td>1,603</td>
<td>10.9%</td>
<td>4,337</td>
<td>15.6%</td>
</tr>
<tr>
<td>Service Provider</td>
<td>(4,016)</td>
<td>-18.4%</td>
<td>4,521</td>
<td>29.0%</td>
<td>504</td>
<td>1.3%</td>
<td>4,812</td>
<td>13.7%</td>
<td>5,315</td>
<td>7.3%</td>
</tr>
<tr>
<td>Area &amp; Public</td>
<td>(2,838)</td>
<td>-23.6%</td>
<td>(1,155)</td>
<td>-10.1%</td>
<td>(3,994)</td>
<td>-17.0%</td>
<td>3,473</td>
<td>22.4%</td>
<td>(521)</td>
<td>-1.3%</td>
</tr>
<tr>
<td>NOP</td>
<td>(164)</td>
<td>-4.4%</td>
<td>1,257</td>
<td>36.5%</td>
<td>1,092</td>
<td>15.1%</td>
<td>1,901</td>
<td>26.0%</td>
<td>2,993</td>
<td>20.6%</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
## FY2013 Outlook - Revenue -

<table>
<thead>
<tr>
<th>Revenue (unit: million yen)</th>
<th>1Q</th>
<th>2Q</th>
<th>1H</th>
<th>2H</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Ratio</td>
<td>Amount</td>
<td>Ratio</td>
<td>Amount</td>
</tr>
<tr>
<td>2013/03</td>
<td>540</td>
<td>1.6%</td>
<td>(1,837)</td>
<td>-4.3%</td>
<td>(1,297)</td>
</tr>
<tr>
<td>Enterprise</td>
<td>1,161</td>
<td>19.9%</td>
<td>208</td>
<td>2.5%</td>
<td>1,369</td>
</tr>
<tr>
<td>Service Provider</td>
<td>(3,337)</td>
<td>-16.0%</td>
<td>(943)</td>
<td>-4.6%</td>
<td>(4,281)</td>
</tr>
<tr>
<td>Area &amp; Public</td>
<td>2,968</td>
<td>77.5%</td>
<td>(1,045)</td>
<td>-10.6%</td>
<td>1,923</td>
</tr>
<tr>
<td>NOP</td>
<td>(147)</td>
<td>-4.0%</td>
<td>155</td>
<td>3.9%</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue (unit: million yen)</th>
<th>1Q</th>
<th>2Q</th>
<th>1H</th>
<th>2H</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Ratio</td>
<td>Amount</td>
<td>Ratio</td>
<td>Amount</td>
</tr>
<tr>
<td>2014/03 [e]</td>
<td>34,800</td>
<td>100.0%</td>
<td>40,900</td>
<td>100.0%</td>
<td>75,700</td>
</tr>
<tr>
<td>Enterprise</td>
<td>7,000</td>
<td>20.1%</td>
<td>8,400</td>
<td>20.6%</td>
<td>15,400</td>
</tr>
<tr>
<td>Service Provider</td>
<td>17,500</td>
<td>50.3%</td>
<td>19,600</td>
<td>47.9%</td>
<td>37,100</td>
</tr>
<tr>
<td>Area &amp; Public</td>
<td>6,800</td>
<td>19.5%</td>
<td>8,800</td>
<td>21.5%</td>
<td>15,600</td>
</tr>
<tr>
<td>NOP</td>
<td>3,500</td>
<td>10.1%</td>
<td>4,100</td>
<td>10.0%</td>
<td>7,600</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
## FY2013 Outlook - PL -

<table>
<thead>
<tr>
<th>(unit: million yen)</th>
<th>2014/03 [e] Amount</th>
<th>Ratio</th>
<th>Year over Year Amount</th>
<th>Ratio</th>
<th>2013/03 Amount</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bookings</td>
<td>166,000</td>
<td>102.5%</td>
<td>11,418</td>
<td>7.4%</td>
<td>154,582</td>
<td>99.8%</td>
</tr>
<tr>
<td>Revenue</td>
<td>162,000</td>
<td>100.0%</td>
<td>7,131</td>
<td>4.6%</td>
<td>154,869</td>
<td>100.0%</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>121,800</td>
<td>75.2%</td>
<td>3,198</td>
<td>2.7%</td>
<td>118,602</td>
<td>76.6%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>40,200</td>
<td>24.8%</td>
<td>3,934</td>
<td>10.8%</td>
<td>36,266</td>
<td>23.4%</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>29,200</td>
<td>18.0%</td>
<td>1,386</td>
<td>5.0%</td>
<td>27,814</td>
<td>18.0%</td>
</tr>
<tr>
<td>Operating income(loss)</td>
<td>11,000</td>
<td>6.8%</td>
<td>2,549</td>
<td>30.2%</td>
<td>8,451</td>
<td>5.5%</td>
</tr>
<tr>
<td>Ordinary income(loss)</td>
<td>11,000</td>
<td>6.8%</td>
<td>2,342</td>
<td>27.1%</td>
<td>8,658</td>
<td>5.6%</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>11,000</td>
<td>6.8%</td>
<td>2,695</td>
<td>32.5%</td>
<td>8,305</td>
<td>5.4%</td>
</tr>
<tr>
<td>Net income(loss)</td>
<td>6,500</td>
<td>4.0%</td>
<td>2,176</td>
<td>50.3%</td>
<td>4,324</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

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