

# Results for Q1 FY18

Ended June 30, 2018

**Net One Systems Co., Ltd.**  
**July 26, 2018 (Stock Code 7518: JP)**



# ■ ■ ■ Agenda ■ ■ ■

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- **FY18 Outlook** **P. 9-11**

# Q1 FY18 (Apr-Jun 3months) Results

# Results summary Q1 FY18 (Apr-Jun 3months)

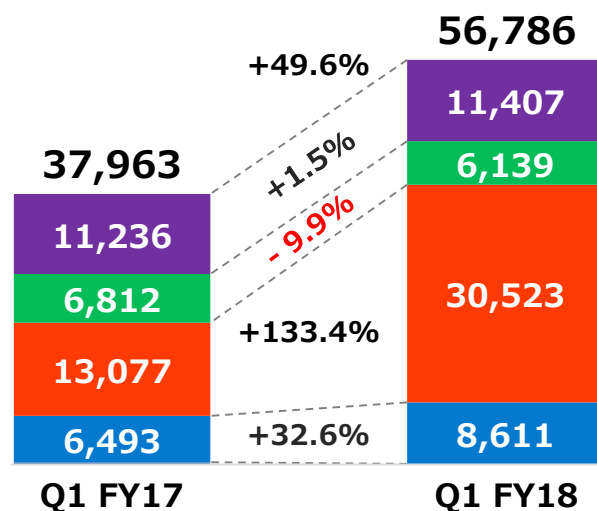
(JPYmn, % to revenue)	FY18 Q1 Results		YoY		FY17 Q1 Results	
			Amount	%		
Bookings	56,786		18,822	49.6%	37,963	
Revenue	33,418	100.0%	3,624	12.2%	29,794	100.0%
Cost of revenue	24,627	73.7%	2,132	9.5%	22,495	75.5%
Gross profit	8,791	26.3%	1,492	20.4%	7,298	24.5%
SG&A	7,279	21.8%	395	5.7%	6,884	23.1%
Operating Income	1,511	4.5%	1,097	264.5%	414	1.4%
Ordinary Income	1,533	4.6%	1,133	282.8%	400	1.3%
Net Income attributable to owners of the parent company	1,035	3.1%	786	316.0%	248	0.8%
Backlog	92,489		24,254	35.5%	68,234	

The continued activities of cost reduction, service expansion, and productivity improvement led to a higher profit. Bookings increased mainly in Public sector and Partner sector.

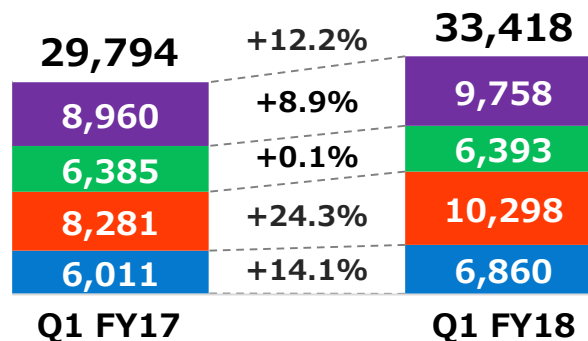
# Performance by market sector

(JPYmn)

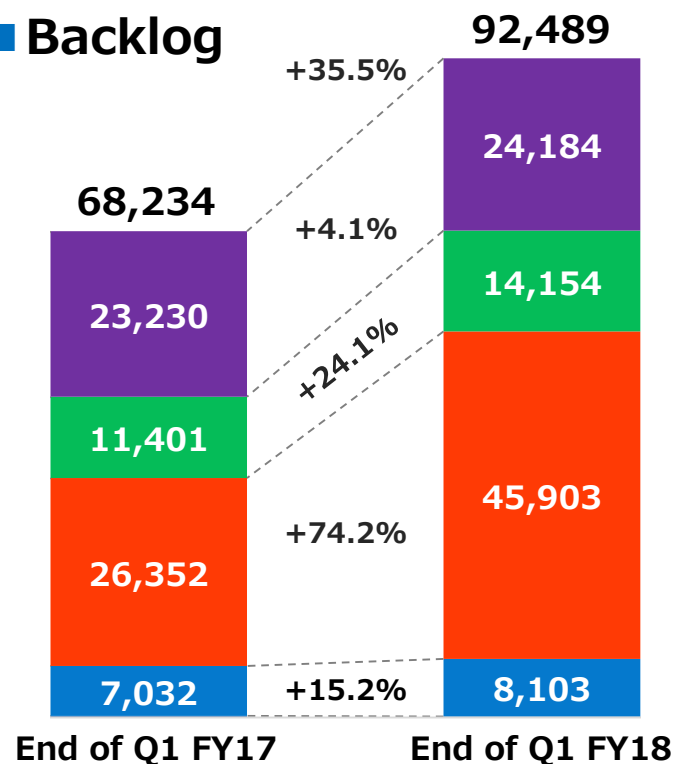
## ■ Bookings



## ■ Revenue



## ■ Backlog



### Enterprise

Business of security, cloud infrastructure, work style innovation, and IIoT performed well.

### Telecom Carrier

Cloud service infrastructure business expanded. Bookings exceeded the company plan.

### Public

Bookings increased significantly by central government's large-scale project.  
In addition, security and cloud infrastructure business were strong in local governments.

### Partner

Business with key partners, and managed services via telecom carrier remained robust.

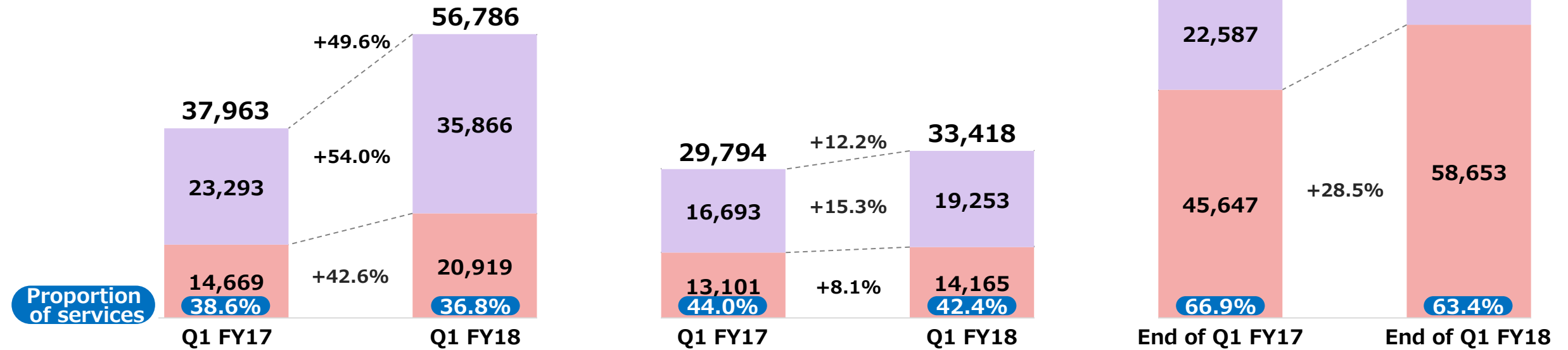
# Performance by product category

(JPYmn)

## ■ Bookings

## ■ Revenue

## ■ Backlog



### Products

Bookings increased significantly by central government's large-scale project. Security and cloud infrastructure business also performed well.

### Service business

Bookings of "Integrated service business" increased steadily.

# Revenue and P/L by reportable segment

(JPYmn)		Reportable segment					Other	Total	Adjustment	Amount recorded in consolidated income statements
		Enterprise	Telecom Carrier	Public	Partner	Sub-total				
Q1 FY18 (Results)	Revenue	9,758	6,393	10,298	6,860	33,310	220	33,531	(112)	33,418
	Segment income	88	710	208	686	1,693	(28)	1,665	(153)	1,511
	Segment income margin	0.9%	11.1%	2.0%	10.0%					4.5%
Q1 FY17 (Previous)	Revenue	8,960	6,385	8,281	6,011	29,638	383	30,022	(228)	29,794
	Segment income	15	223	55	220	514	10	525	(110)	414
	Segment income margin	0.2%	3.5%	0.7%	3.7%					1.4%

- (Notes)
1. The adjustment in segment income included corporate expenses not attributable to any reportable segment.
  2. The "Other" segment is not included as a reportable segment. It contains the server service business and other businesses. Corporate expenses are mainly related to general administrative expenses not attributable to reportable segment.

# Consolidated balance sheets

(JPYmn)	June 30, 2018 Results	Change Amount	%	Mar 31, 2018 Results
<b>Total assets</b>	<b>104,161</b>	<b>(2,665)</b>	<b>- 2.5%</b>	<b>106,827</b>
Current assets	92,946	(2,218)	- 2.3%	95,164
Cash and deposits + CD・CP	20,855	(3,097)	- 12.9%	23,953
Notes and accounts receivable-trade	31,693	(10,061)	- 24.1%	41,755
Inventory assets	23,041	9,904	+ 75.4%	13,136
Other	17,355	1,035	+ 6.3%	16,319
Noncurrent assets	11,215	(446)	- 3.8%	11,662
Property, plant and equipment	5,048	(77)	- 1.5%	5,125
Intangible assets	1,711	(89)	- 5.0%	1,801
Investment etc.	4,456	(279)	- 5.9%	4,735
<b>Total liabilities</b>	<b>43,914</b>	<b>(2,549)</b>	<b>- 5.5%</b>	<b>46,464</b>
Current liabilities	39,145	(2,399)	- 5.8%	41,544
Non-current liabilities	4,769	(150)	- 3.1%	4,919
<b>Total net assets</b>	<b>60,247</b>	<b>(115)</b>	<b>- 0.2%</b>	<b>60,363</b>
Shareholders' equity	60,163	(206)	- 0.3%	60,369
Accumulated other comprehensive income	(49)	117	-	(167)
Subscription rights to shares	133	(27)	- 17.0%	160
<b>Total liabilities and net assets</b>	<b>104,161</b>	<b>(2,665)</b>	<b>- 2.5%</b>	<b>106,827</b>



# Exchange rate, EPS, Employees

	FY18 Q1	YoY		FY17 Q1
		Change	Ratio	
Exchange rate (USD/JPY)	108.62	(2.75)	- 2.5%	111.37
Earnings per share (JPY)	12.24	9.30	316.3%	2.94

	End of FY18 Q1	YoY		End of FY17 Q1
		Change	Ratio	
Employees	2,353	45	1.9%	2,308

# FY18 Outlook

# FY18 outlook (※no change from the previous outlook)

(JPYmn, % to revenue)	H1		H2		Annual	
Bookings	80,730		94,270		175,000	
Revenue	73,800	100.0%	96,200	100.0%	170,000	100.0%
Cost of sales	56,400	76.4%	73,100	76.0%	129,500	76.2%
Gross profit	17,400	23.6%	23,100	24.0%	40,500	23.8%
SG&A	14,700	19.9%	14,800	15.4%	29,500	17.4%
Operating income	2,700	3.7%	8,300	8.6%	11,000	6.5%
Ordinary income	2,700	3.7%	8,300	8.6%	11,000	6.5%
Net income attributable to owners of the parent	1,800	2.4%	5,600	5.8%	7,400	4.4%
Dividends per share	17.00 Yen		17.00 Yen		34.00 Yen	
	Annual		(Notes) The breakdown of the interim and year-end dividends is an ordinary dividend of 15.00 yen, a commemorative dividend of 2.00 yen commemorating the 30th anniversary of foundation.			
Exchange rate	110.26 USD/JPY					

(Notes)

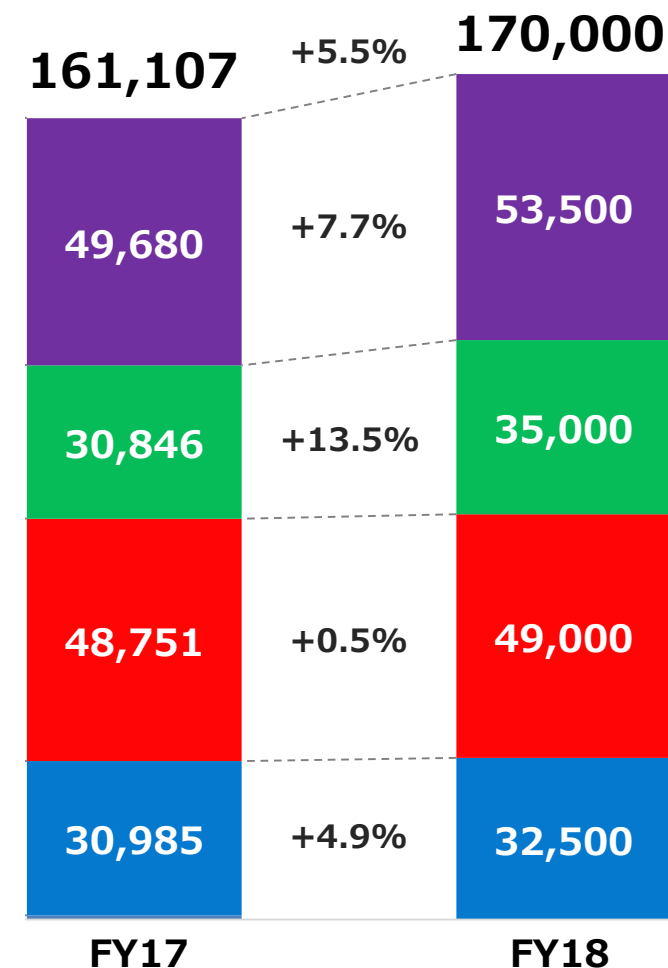
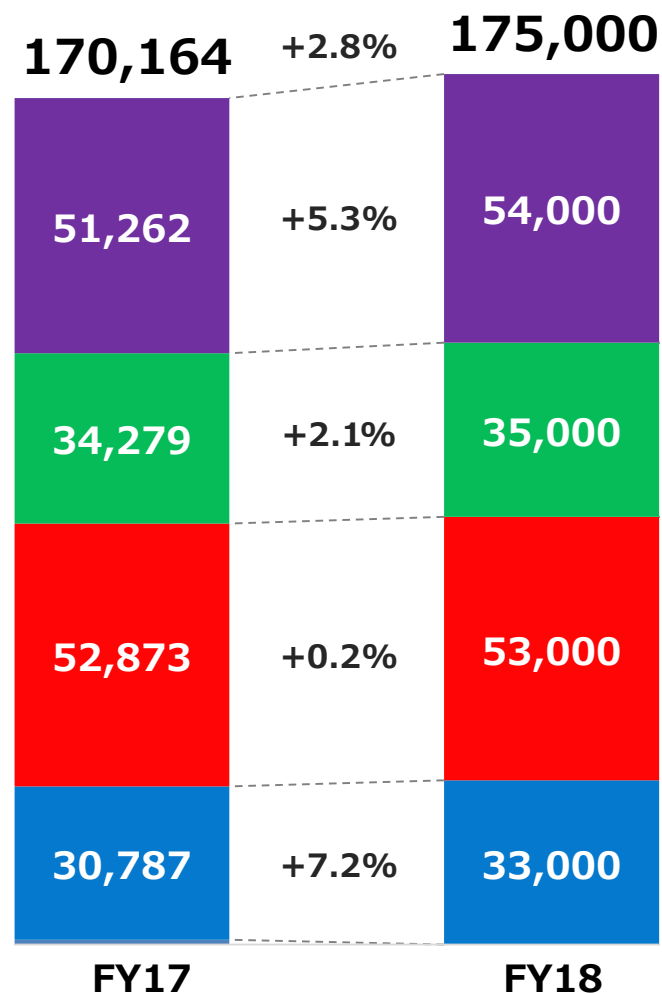
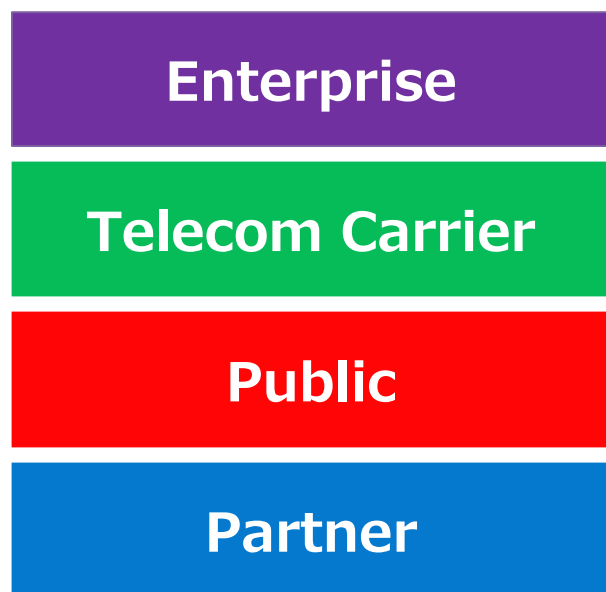
The breakdown of the interim and year-end dividends is an ordinary dividend of 15.00 yen, a commemorative dividend of 2.00 yen commemorating the 30th anniversary of foundation.

# FY18 outlook by market sector (※no change from the previous outlook)

## ■ Bookings

## ■ Revenue

(JPYmn)



charge ∠ channel ∠ change



net one