October 30, 2024

To whom it may concern:

Net One Systems Co., Ltd.
(Stock Code: 7518, TSE Prime)

Notice regarding revision of financial forecast

Net One Systems Co., Ltd. (the "Company") hereby announces that it has decided to revise its consolidated financial forecast for the first half of the fiscal year ending March 31, 2025 (April 1, 2024–September 30, 2024), which were announced on May 8, 2024, taking into account factors, including recent earnings performance, as outlined below.

1. Revision of financial forecast

(1) Revision of consolidated financial forecast for the first half of the fiscal year ending March 31, 2025 (April 1, 2024–September 30, 2024)

	Revenue	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	91,200	5,800	5,800	4,100	51.70
Revised forecast (B)	100,500	8,900	8,800	6,400	80.70
Difference (B-A)	9,300	3,100	3,000	2,300	
Change (%)	10.2	53.4	51.7	56.1	
(Reference) Results for the first half of the previous fiscal year ended March 31, 2024	93,114	6,344	6,200	4,210	51.34

(2) Reasons for revision

During the first half of the fiscal year ending March 31, 2025, the Company generated steady performance through the Enterprise, Public, and Partner businesses by capturing demand for ICT platform upgrades essential for digitalization, including network enhancement, security reinforcement, and cloud utilization. Additionally, certain orders initially anticipated for the second half of the fiscal year were booked ahead of schedule. As a result, bookings are projected to surpass the previous forecast of ¥105.0 billion, reaching approximately ¥108.5 billion. Revenue for the first half is also expected to exceed the most recent projection, primarily due to the fulfillment of a higher volume of order backlog than initially anticipated. The gross profit margin forecast has been slightly revised upward due to successful initiatives aimed at enhancing the profitability of services. Conversely, SG&A expenses are expected to align with the previously announced forecast. As a result of these factors, profits at each level are projected to exceed prior estimates, marking record highs for the first half.

In addition, the Company recorded extraordinary gains of ¥497 million on the sale of “legacy provider-independent addresses (IP addresses allocated directly by an international IP address allocation organization without involving a provider or other intermediary).”

The upward revision to the projections for the first half of the fiscal year ending March 31, 2025, was primarily driven by the fulfillment of order backlog originally scheduled for the second half of the fiscal year. Consequently, the full-year performance forecast announced on May 8, 2024, remains unchanged. Moving forward, the Company will continue striving to expand its business performance through efforts targeting higher bookings and improved service profitability.

As initially projected, the Company plans to issue dividends of ¥86 per share (comprising interim and year-end dividends of ¥43 per share each).

Note: The above projections are based on information available as of the date this document was released. Actual results may differ due to a variety of factors.