

**“Up Stage 2027”** Medium-Term Management Plan  
Fiscal year ending March 31, 2026 to fiscal year ending March 31, 2028

May 2025  
I-NET Corp.

## Regarding **Up Stage 2027**

The founder of our company, Noriyoshi Ikeda, paved the way for our future based on the slogan “Up Stage, Up Player” in order to achieve further growth for the company.

In order to once again inherit our founder’s ideas and demonstrate our determination to achieve sustained growth, we have decided to name our new Medium-Term Management Plan “**Up Stage 2027**” as we look ahead to fiscal 2027.

Tomomichi Saeki,  
Representative Director and  
Executive President

# 1. Review of Apr 2022 to Mar 2025 Medium-Term Management Plan

## (1) Achievement of target totals

Revised upward because the initial target for net sales was achieved two years early.

The revised target was achieved for ROE but not for net sales, operating profit, or operating profit ratio.

| (unit: millions of yen)                    | Fiscal year ended<br>March 31, 2023<br>(results) | Fiscal year ended<br>March 31, 2024<br>(results) | Fiscal year ended<br>March 31, 2025<br>(results) a | Fiscal year ended<br>March 31, 2025<br>(initial target) | Fiscal year ended<br>March 31, 2025<br>(revised target) b | Achievement<br>rate<br>= a / b |
|--|--|--|--|---|---|--------------------------------|
| Net sales                                  | 34,988   | 37,763   | 38,987   | 37,700  | 40,000  | 97.4%                          |
| Operating profit                           | 2,129  | 2,887  | 2,640  | 3,200   | 3,200   | 82.5%                          |
| Operating profit ratio                     | 6.1%   | 7.6%   | 6.8%   | 8.5%  | 8.0%  | (1.2 p)                        |
| Profit attributable to<br>owners of parent | 1,344  | 2,198  | 2,259  | --  | --  | --                             |
| ROE  | 7.7%   | 11.7%  | 11.5%  | 10.0% or higher   | 10.0% or higher   | +1.5%                          |

## Reasons for not achieving targets

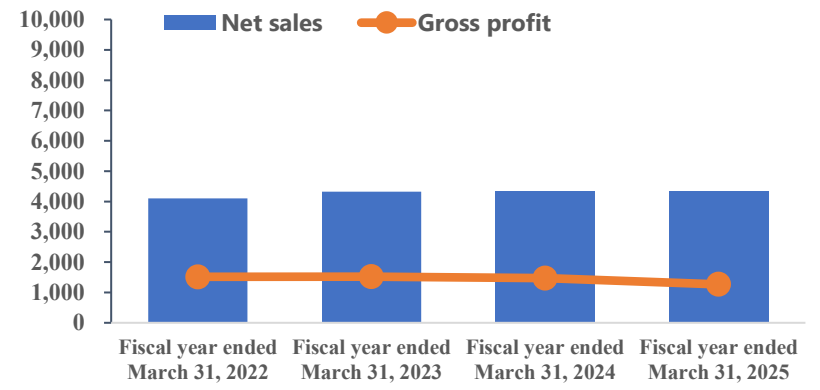
| Reason  | Impact  | Related dept.   | Response  |
|---|---|---|---|
| Rising costs  | Increased electricity costs, DC infrastructure software prices, and depreciation for equipment investment | IT services<br>(Data Center Department, Service Station Department)                         | Correct to reasonable price   |
| Development delays in some projects for contracted software development | Rising development costs  | System development services (Digital Transformation Department, Service Station Department) | Enhanced project progress management<br>Transfer of development personnel costs |

(2) Key points for improvement

| Key points for improvement   | Main initiatives  | Related SDGs | Achievement   |
|--|---|--------------|---|
| <p>Promotion of customer services and R&amp;D for the DX and New Normal eras</p>                               | <ul style="list-style-type: none"> <li>• Spread and expansion of cloud services</li> <li>• Measures limiting contact and preventing overcrowding</li> <li>• Promotion of big data, AI, and IoT</li> </ul>   |              | <ul style="list-style-type: none"> <li>• Expand data center cloud service business</li> <li>• Start response for generative AI</li> </ul>   |
| <p>Pursuit of co-creation and innovation and value creation</p>  | <ul style="list-style-type: none"> <li>• Establishment of SDGs Promotion Office</li> <li>• Pursuit of projects in collaborations between industry, public and private sectors, and academia</li> <li>• Pursuit of business activities through foundations and special subsidiary companies</li> </ul> |              | <ul style="list-style-type: none"> <li>• Set environmental targets and achieve carbon neutrality by fiscal 2040</li> <li>• Deploy business based on the theme of co-creation, such as startup assistance</li> </ul>           |
| <p>Diversification and advancement of human resources, improved productivity</p>                               | <ul style="list-style-type: none"> <li>• Employee skill development</li> <li>• Diversity promotion</li> <li>• Support with career development</li> <li>• Promotion of workstyle reforms</li> </ul>  |              | <ul style="list-style-type: none"> <li>• Respect for employee diversity</li> <li>• Enhance support for career diversity, achieve female manager ratio of 10.4%</li> </ul>   |
| <p>Appropriate management of business portfolios in the service deployment model, improved corporate value</p> | <ul style="list-style-type: none"> <li>• Promotion of one-stop model through I-NET's own data centers</li> <li>• Reinforcement of stock business</li> </ul>   |              | <ul style="list-style-type: none"> <li>• Promote platform strategy based on in-house data centers</li> <li>• Enhance initiatives using services from other companies and services using systems developed in-house</li> </ul> |

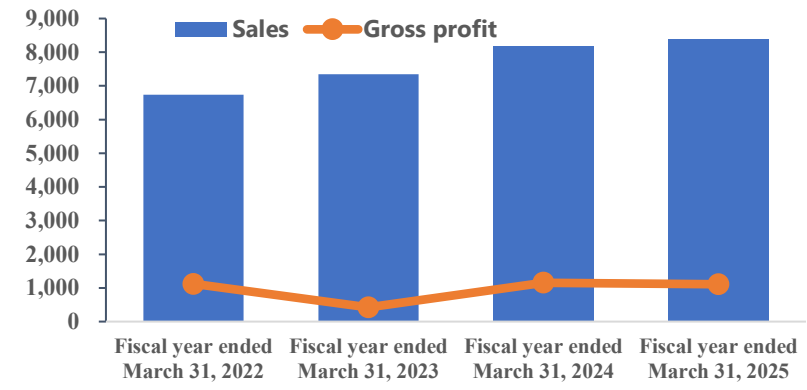
(unit: millions of yen)

Contracted computation service (for energy industry)



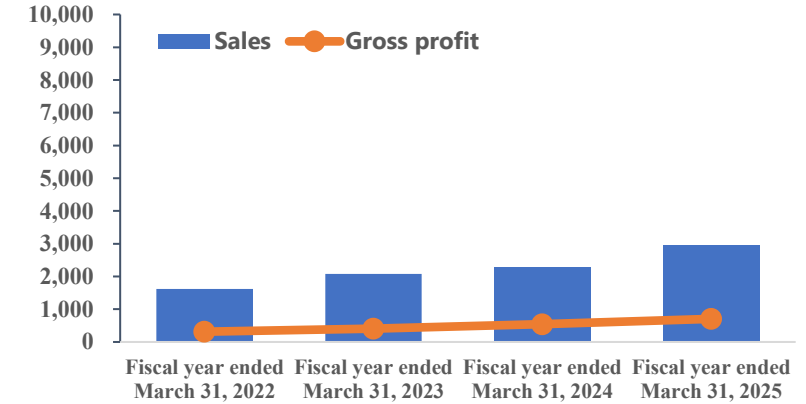
← Medium-Term Management Plan →

Data center cloud service



← Medium-Term Management Plan →

Mailing service



← Medium-Term Management Plan →

### Results

- Corrected sales price and enhanced cost management system to address rising electricity costs in data center/cloud service business
- Achieved increased sales of smart management systems to propane gas sellers and increased sales of business for energy industry (contracted computation service)
- Succeeded in establishing a position for enjoying residual profits in the maturing market of mailing services Profits increased after previously being flat

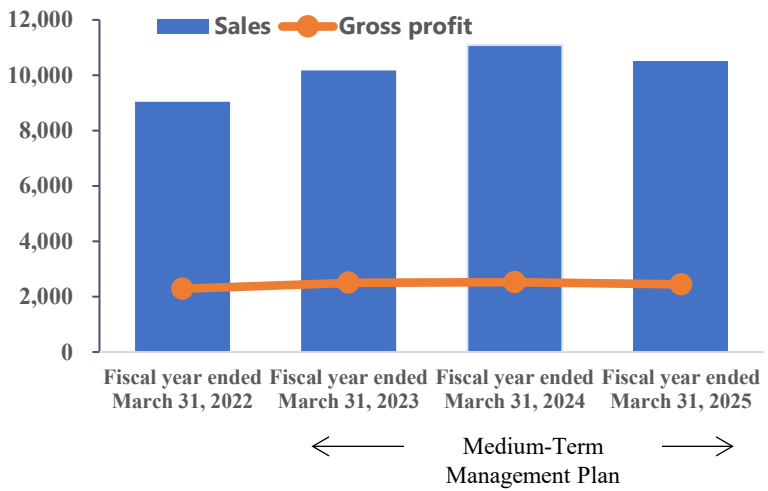
### Issues

- Construction of third data center
- Deployment of highly computational data center services, such as generative AI
- Securing data center personnel
- Provision of new services utilizing existing sales network
- The fact that additional investment for maintaining existing services and depreciation has been increasing more than planned

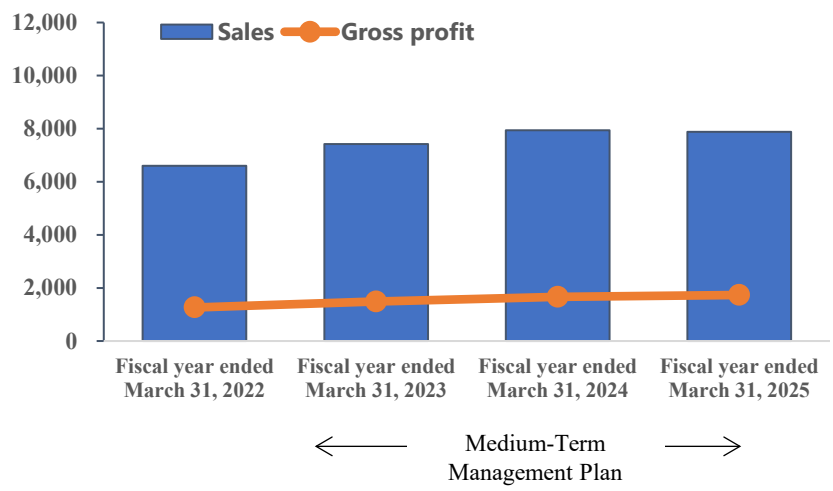
# 1. Review of Apr 2022 to Mar 2025 Medium-Term Management Plan

## (4) Status of each service: System development services

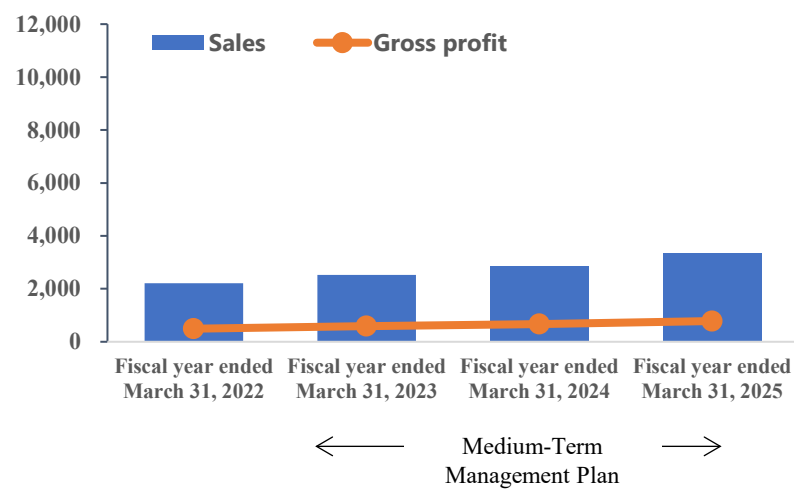
### I-NET (system development)



### IST software



### Software control



### Results

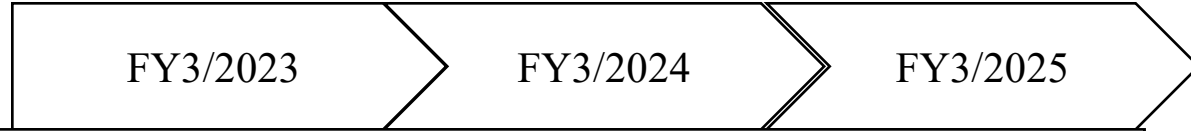
- Group companies discovered their strengths (finance, life insurance, health care, space, defense, etc.)
- Made progress in creating services for in-house development systems utilizing our expertise in system development (such as Loan Ranger UC and Supply Linker)
- Achieved orders with appropriate prices, which improved our profitability

### Issues

- Securing system development personnel Some orders were missed during the period due to insufficient development personnel
- Problems occurred in some project management systems, and the profit ratio dropped because of increase costs due to delayed projects
- System development projects for the logistics industry struggled
- Support for system development using AI

# 1. Review of Apr 2022 to Mar 2025 Medium-Term Management Plan

## (5) Status of business strategy implementation



|   | FY3/2023  | FY3/2024  | FY3/2025  |  |
|---|---|---|---|--|
| <b>1. Development of systems as a service</b><br>1. In-house developed cloud lift software (shift to service)<br>2. Other company developed cloud lift software (shift to service)<br>3. Shift to services for new technologies and businesses, both in-house and outside                                   | ① SaaS implementation of unsecured loan system<br>② Strategic partnership with system companies focused on on-premise package products, collaborating and cooperating on cloud deployment of products   | ① Development of SaaS-type unsecured loan system<br>③ Strategic partnerships to convert new technologies to services  |   | <u>Provision of SaaS services</u><br>● First order for Loan Ranger UC<br>● First order for Supply Linker<br>● Capital tie-up with Primal   |
| <b>2. Strengthening strategic collaboration</b><br>4. Collaborate with companies with new businesses and technologies<br>5. Assist partner companies in expanding services business<br>6. Utilize M&A expected to offer business synergies  | ④⑥ Form a capital and business alliance with AVILEN Inc. for AI data analysis and application, and develop services utilizing AI<br>④⑤ Invest in business partner Astroscale Holdings Inc. with the goal of strengthening space industry related business | ④⑨ Sign a distributorship agreement with Darktrace Holdings Limited, a global leader in AI security, and begin sales<br>④⑨ Form an alliance with BroadBand Security, Inc., which develops advanced security services essential for expanding DX, and begin selling their products | ⑥ Strategic investments in collaboration partners | <u>Linking with strategic partners</u><br>● Obtained new clients via linking with existing clients<br>● Achieved linking with advanced companies in the fields of AI and space satellite development |
| <b>3. Initiatives for new business</b><br>7. Develop new businesses utilizing Company's own resources<br>8. Enter into capital alliances with or acquire companies with new businesses and technologies<br>9. Enter into business alliances aimed at developing and incorporating other companies' services | ⑦ Launch the "PROPANET" LP gas sales management system utilizing smart meters   | ⑧ Alliances with SaaS-type companies<br>⑨ Business alliances with other companies   |   | <u>New business initiatives</u><br>● Achieved new services in the field of health care<br>● Adopted services from other companies  |

2. “Up Stage 2027” Medium-Term Management Plan (fiscal year ending March 31, 2026 to fiscal year ending March 31, 2028)

We value soundness, transparency, and efficiency of management  
We take actions based on sincerity, fairness, and high-level social ethics



To expand the business scale, and improve corporate value



Keep growing while changing  
Becoming an excellent company that makes sustainable growth possible

To create new systems and values using information technology and contribute to the realization of a prosperous, happy society.



**Create·Challenge·Trust**  
Integrated Networking Energy Technology

**inet Way**

Enjoy your life with information technology!

## Achieve a sustainable digital society

### Enhance IT infrastructure and promote digital transformation

- ① Enhance cloud services and AI adoption to provide clients with the benefits of digital transformation!
- ② Provide system development and infrastructure services with high added-value for a more affluent society!

### Expand/optimize our data center business

- ① Promote energy saving/green data centers (achieve carbon neutrality by 2040)
- ② Enhance our data center capacity and capability, achieve our third data center

### Develop human resources, enhance our organization

- ① Develop the next-generation of human resources and management candidates
- ② Develop and secure system development personnel/AI professionals, infrastructure personnel, and human resources in the field of security
- ③ Achieve improved productivity and optimization by promoting human resource diversity and female participation

### A company needed by society

- ① As a company that provides infrastructure to society, continue to provide the optimal services required by society
- ② Do not forget to thank society, and give back/contribute to the local community in order to promote coexistence with society

Fiscal year ending March 31, 2028

Net sales of 50 billion yen, market capitalization of 50 billion yen (at end of year)

### Target totals (KPI) of Medium-Term Management Plan

Net sales  
50 billion yen

(unit: 100 million yen)

|                              |     |
|------------------------------|-----|
| IT services:                 | 200 |
| System development services: | 275 |
| Device sales:                | 25  |

Operating profit  
3.5 billion yen

Operating profit ratio of 7.0%

EBITDA  
6.5 billion yen

EBITDA margin of 13.0%

EBITDA  
Earnings Before Interest, Taxes,  
Depreciation and Amortization

ROE  
13%

ROE (return on equity)  
of 13% or higher (aim for)

## Planned totals (KPI) of Medium-Term Management Plan

| (unit: millions of yen)   | Fiscal year ended<br>March 31, 2025<br>(results) a | Fiscal year ending<br>March 31, 2028<br>(plan) b | Growth rate<br>= b / a |
|---------------------------|--|--|------------------------|
| Net sales                 | 38,987   | 50,000   | 128%                   |
| Operating profit          | 2,640  | 3,500  | 133%                   |
| EBITDA                    | 4,918  | 6,500  | 132%                   |
| ROE                       | 11.5%  | 13.0%  | +1.5p                  |
| Operating profit<br>ratio | 6.8%   | 7.0%   | +0.2 p                 |

Aim for an annual average of 8.6% growth in net sales and achieve 50 billion yen in the final year of the plan.

In terms of operating profit and EBITDA, achieve growth that surpasses that for net sales.

Despite the heavy burden of depreciation for additional data centers and expanded capacity, improve profitability in order to improve both ROE and operating profit ratio.

- Adopt EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) in addition to the existing KPIs (net sales, operating profit, and ROE).
- Our company differs from a pure system integrator, as it has facilities such as in-house data centers. In order to achieve perpetual growth, it is important for us to improve our asset efficiency and maximize our cash flow.
- That is why we will adopt EBITDA as a new KPI.

(5) Business strategy

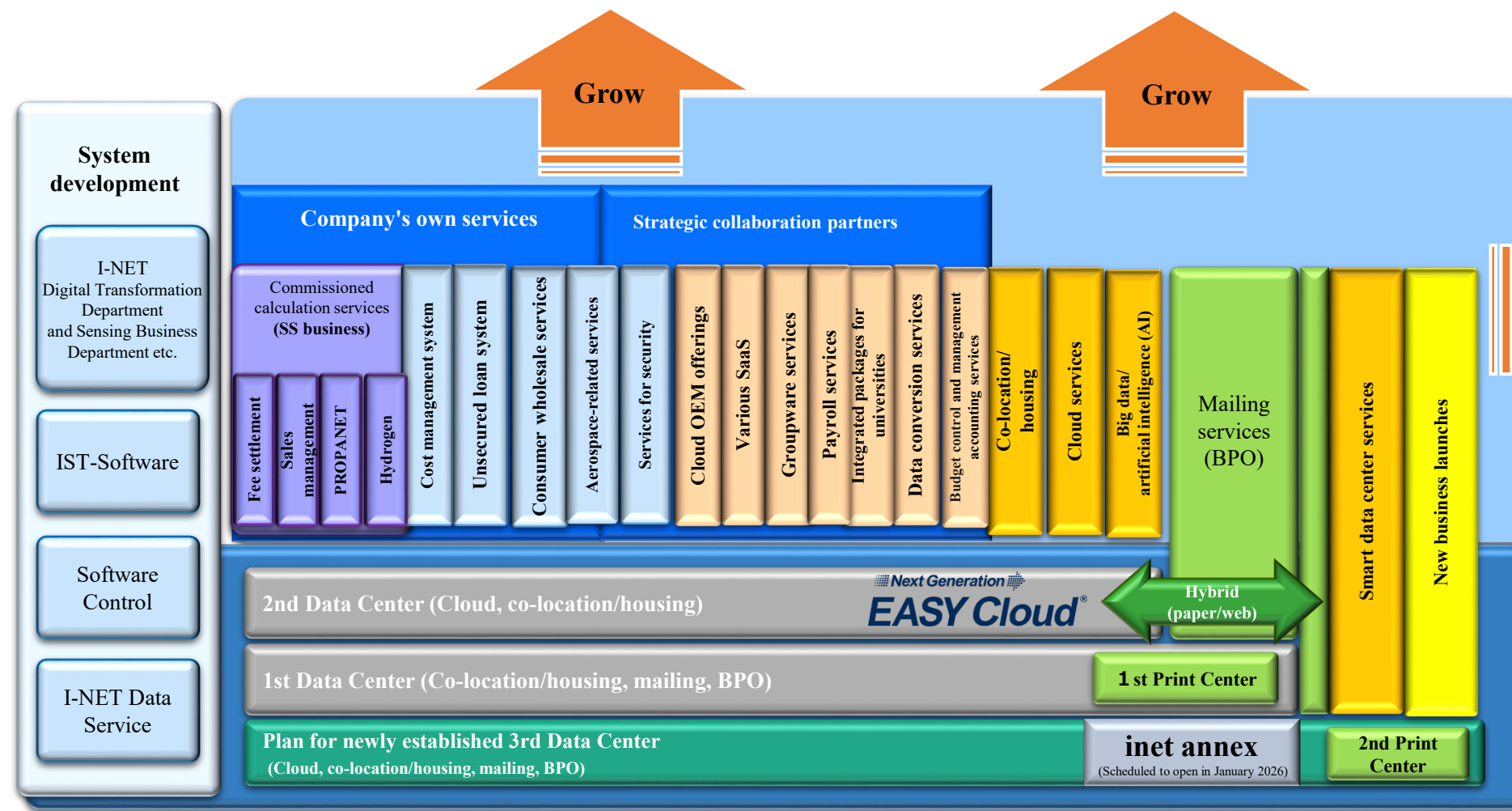
Regardless of how society changes, the Group will aim for further growth by expanding our business and increasing the number of services and partners on our platforms in a way that adapts to these changes.

Establish the "Business Promotion Department" to drive strategy across the organization (April 1, 2025)

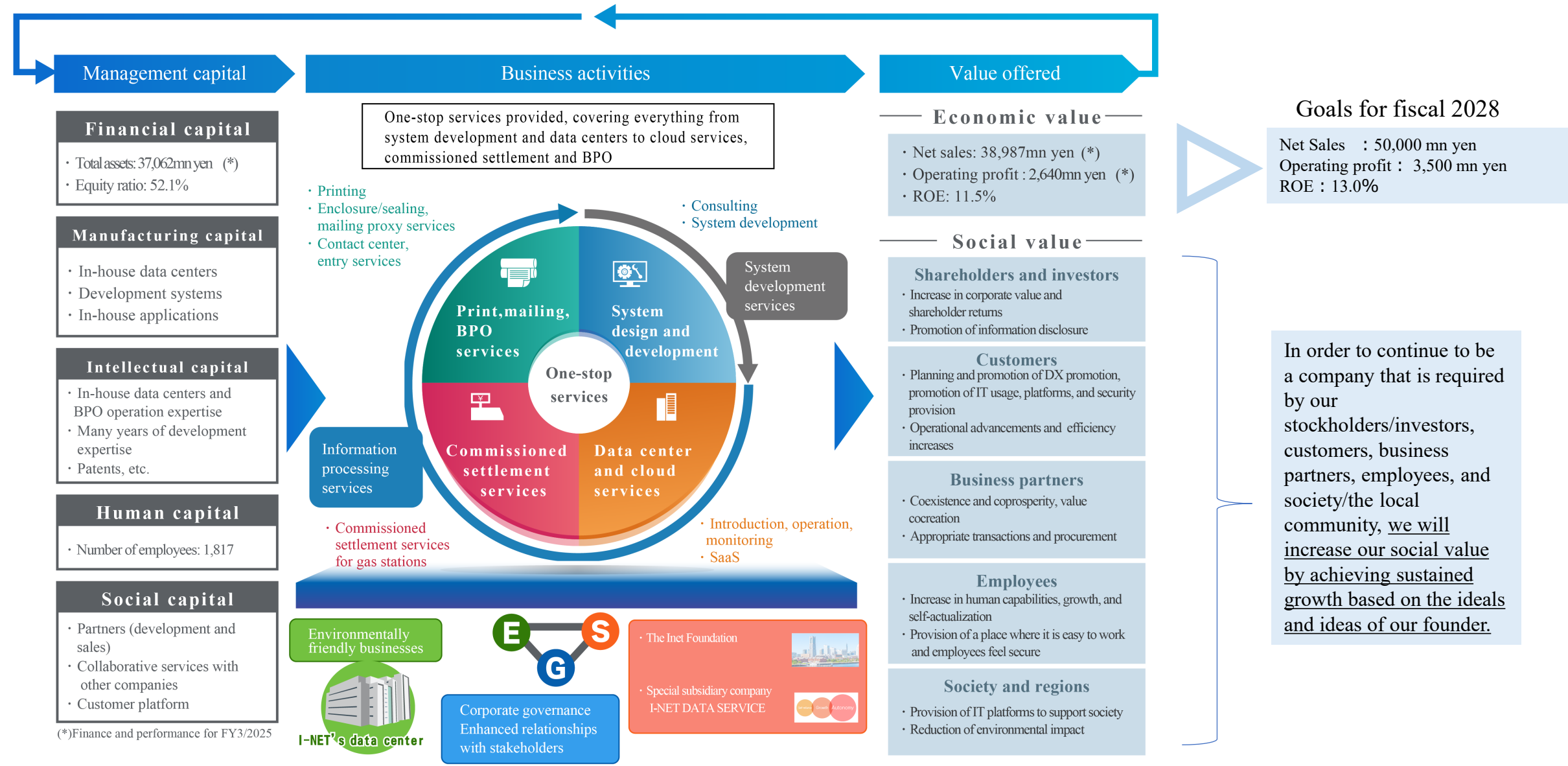
1. Development systems as a service

2. Strengthening strategic collaboration

3. Initiatives for new business

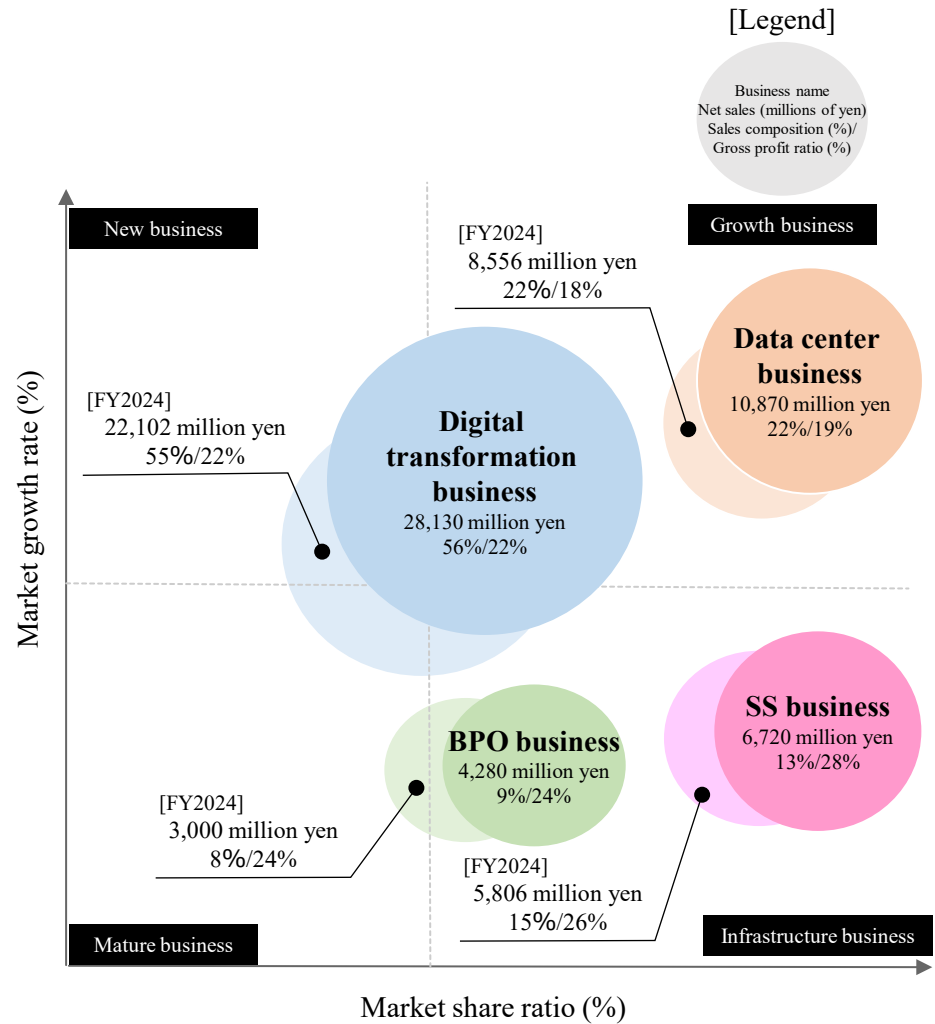


## (6) Value creation process



(\*) Finance and performance for FY3/2025

Business portfolio analysis



Overview of businesses

| Business name   | Business overview<br>Totals are for fiscal 2024   | Business strategy for the next three years  | Goals for fiscal 2027  |
|---|---|---|--|
| Contracted computation business (SS business)                                   | Contracted computation business for energy industry<br>Net sales: 5.8 billion yen<br>Gross profit: 1.5 billion yen                              | <ul style="list-style-type: none"> <li>● Increase market share by increasing number of clients</li> <li>● Digital transformation assistance for energy industry</li> <li>● Expand major oil company and trading company business</li> </ul> | Contracted computation business for energy industry<br>Net sales: 6.7 billion yen<br>Gross profit: 1.9 billion yen                               |
| Data center cloud business (data center business)                               | Providing cloud infrastructure and leasing server racks for data center business<br>Net sales: 8.6 billion yen<br>Gross profit: 1.6 billion yen | <ul style="list-style-type: none"> <li>● Providing monitoring/managed services</li> <li>● Building new platform services</li> <li>● SaaS and linking with resellers</li> </ul>  | Providing cloud infrastructure and leasing server racks for data center business<br>Net sales: 10.9 billion yen<br>Gross profit: 2.0 billion yen |
| Mailing service, print business (BPO business)                                  | Information data processing, printing/ mailing service business<br>Net sales: 3.0 billion yen<br>Gross profit: 0.7 billion yen                  | <ul style="list-style-type: none"> <li>● Expand POD (print on demand) service</li> <li>● Cross-selling for data center service</li> </ul>   | Information data processing, printing/ mailing service business<br>Net sales: 4.3 billion yen<br>Gross profit: 1.0 billion yen                   |
| System development business (digital transformation business)                   | Contracted system development, SES business<br>Net sales: 10.6 billion yen<br>Gross profit: 2.4 billion yen                                     | <ul style="list-style-type: none"> <li>● Securing and developing system development human resources</li> <li>● Enhancing links with business partners</li> <li>● Expanding stock projects for in-house services</li> </ul>                  | Contracted system development, SES business<br>Net sales: 13.4 billion yen<br>Gross profit: 3.1 billion yen                                      |
| System development business (group companies) (digital transformation business) | Contracted system development business<br>Net sales: 11.5 billion yen<br>Gross profit: 2.4 billion yen  | <ul style="list-style-type: none"> <li>● Provide integrated services to key fields</li> <li>● Expand end user transactions</li> <li>● Enhance securing and development of human resources</li> </ul>  | Contracted system development business<br>Net sales: 14.7 billion yen<br>Gross profit: 3.1 billion yen   |
| <b>Entire group (total of the above)</b>  | <b>Net sales: 39.0 billion yen</b><br><b>Gross profit: 8.3 billion yen</b>  | Sales increase by 28% over three years<br>Maintain/improve profit ratio   | <b>Net sales: 50.0 billion yen</b><br><b>Gross profit: 11.1 billion yen</b>  |

## Environment

- Switch the electricity used at our in-house data centers to 50% renewable energy by fiscal 2030 (currently 25% as of March 31, 2025)
- Achieve carbon neutrality by fiscal 2040



In-house data centers

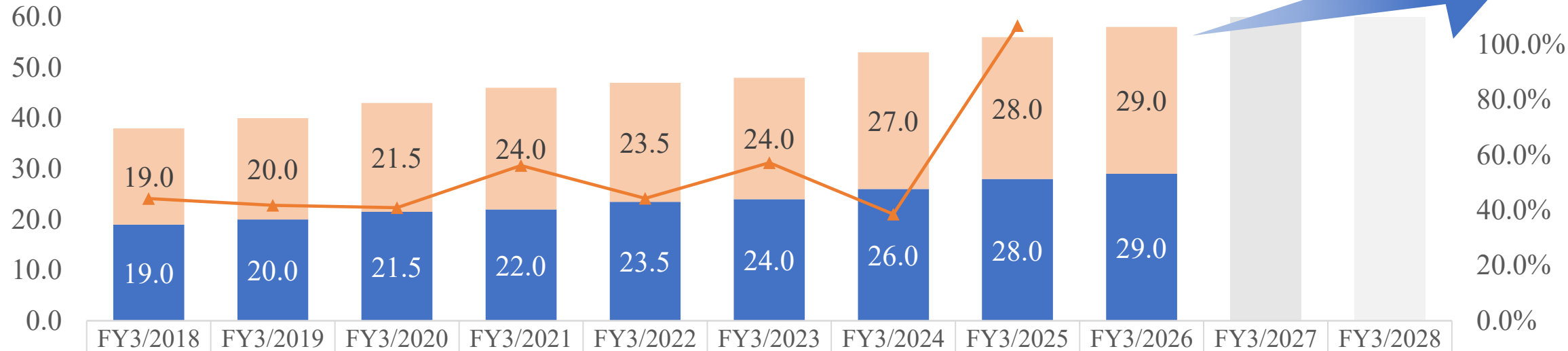
## Society

- Employment rate for people with 3.2% disabilities in our Group (aim for March 31, 2028, 3.0% average of fiscal 2025)
- 18% of women in management positions (aim for March 31, 2028, 10.4% as of March 31, 2025)
- Expanded special subsidiary I-NET DATA SERVICE (both in terms of personnel and business scope)

## Governance

- Achieve management with an awareness of capital costs (reduce policy stock holdings, etc.)
- Enhance group governance, improve management/monitoring function
- Develop the next-generation of managers and corporate human resources

## Policy: “Total return ratio of 40% or higher, with cumulative dividends”



- ✓ In addition to dividends, our stockholder return policy is to achieve a “total return ratio of 40% or higher”, including the purchase of treasury shares.
- ✓ We have achieved increased dividends for 13 consecutive years as of the fiscal year ended March 31, 2025. In order to reflect our sustained growth in our stockholder returns, we have in principle adopted cumulative dividends in our “Up Stage 2027” Medium-Term Management Plan.
- ✓ We will determine the dividends for each term and amount of treasury shares to purchase based on a comprehensive view of capital investment trends and consolidated business performance.

### 3. Management aware of capital costs and stock price

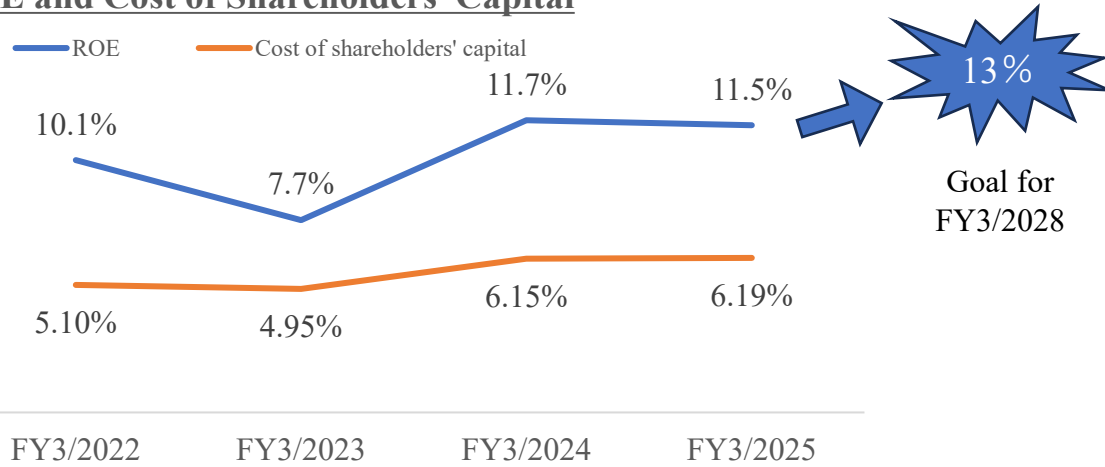
### 3. Management aware of capital costs and stock price

#### (1) Cost of capital and profitability

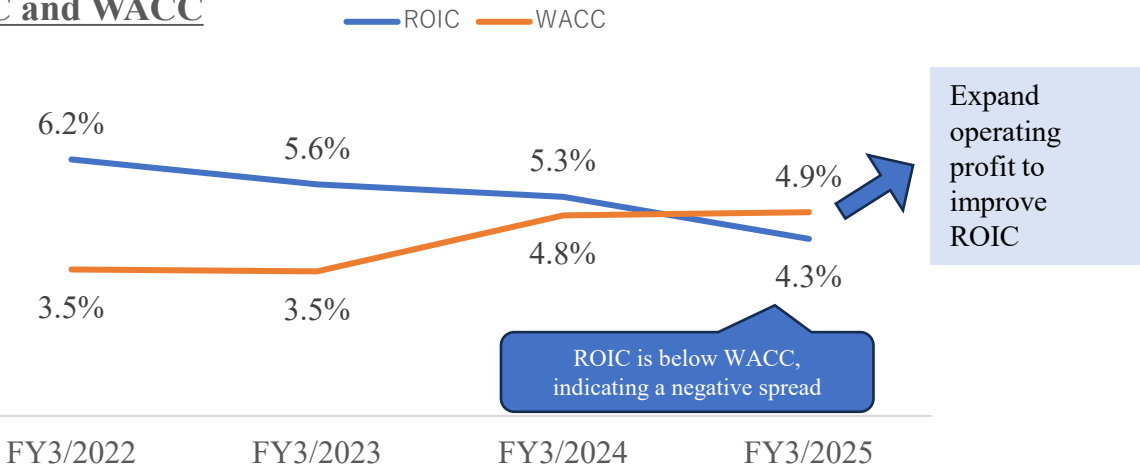
Although our capital costs are rising, our return on equity (ROE) remains flat and return on invested capital (ROIC) is decreasing.

In this Medium-Term Management Plan, we will aim for a ROE of 13% (for the fiscal year ending March 31, 2028) and achieve improved ROIC by improving our operating profit.

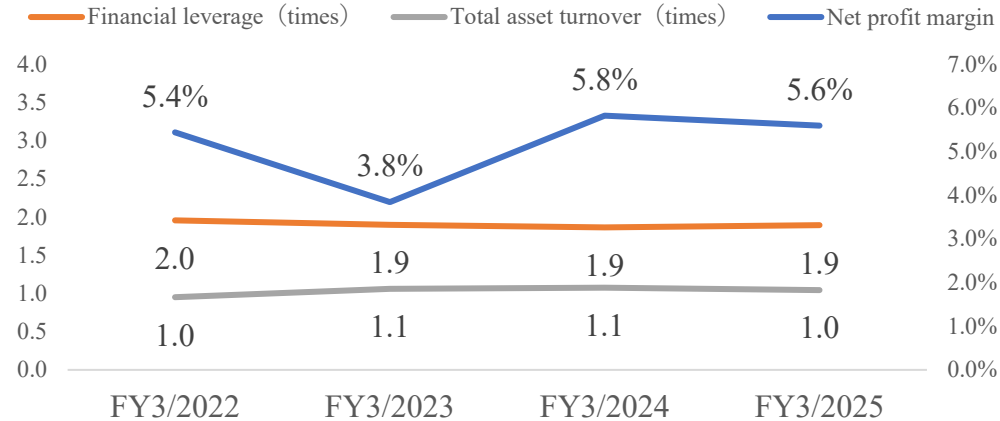
#### ROE and Cost of Shareholders' Capital



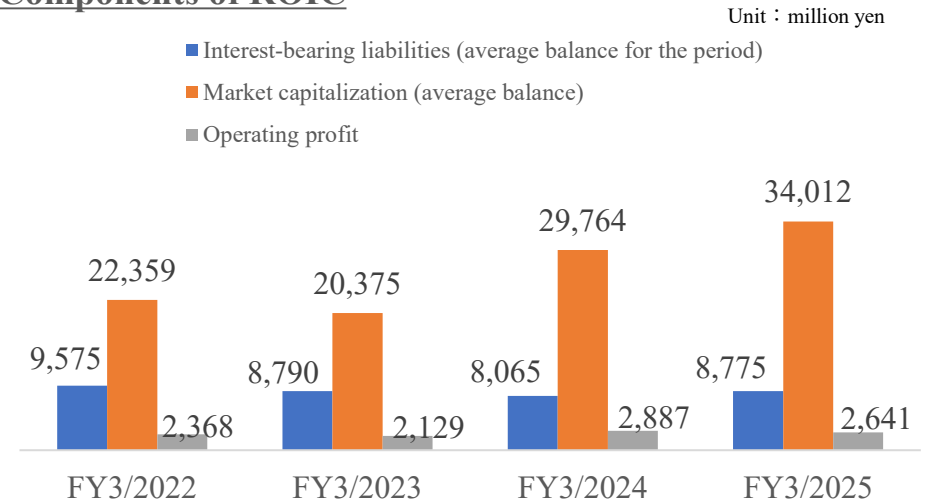
#### ROIC and WACC



#### Components of ROE



#### Components of ROIC

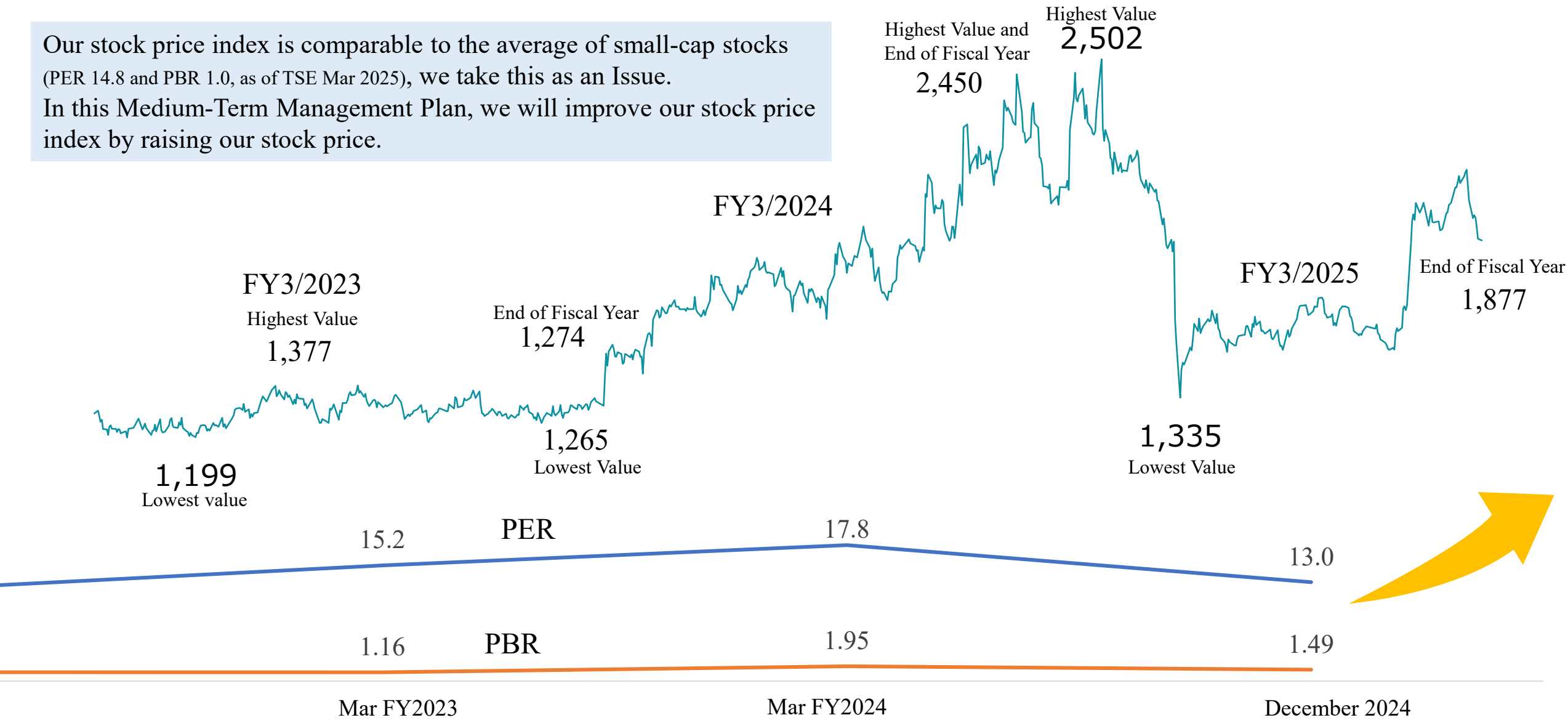


WACC: Weighted Average Cost of Capital

### 3. Management aware of capital costs and stock price

#### (2) Transition of stock price and stock price indicators

Our stock price index is comparable to the average of small-cap stocks (PER 14.8 and PBR 1.0, as of TSE Mar 2025), we take this as an Issue. In this Medium-Term Management Plan, we will improve our stock price index by raising our stock price.



<Disclaimer>

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