



November 12, 2020

**Briefing Materials for  
Financial Results**

First half of the Fiscal  
Year ending March  
2021

*I-NET Corp.*

[TSE, First Section: 9600]



1. Introduction  
(Overview of Company)
2. Overview of Earnings in First  
half of Fiscal Year ending  
March 2020
3. Initiatives in Medium-term  
Management Plan
4. Full-year Earnings Forecasts
5. Appendix



# 1. Introduction (Overview of Company)

# inet Overview of Company (as of September 30, 2020)

- Trade name: I-NET Corp.
- Founded: April 22, 1971
- Headquarters: 3-3-1 Minatomirai, Nishi-ku, Yokohama
- Capital: 3,203 million yen
- Founder: Noriyoshi Ikeda, Founder Supreme Adviser
- Representative Director and Executive President: Mitsuru Sakai
- Subsidiaries: IST-Software Co., Ltd.  
Software Control Co., Ltd.  
I-NET DATA SERVICE CORP.



- Number of employees: 1,663 (consolidated) 959 (non-consolidated)
- Offices, branches, data centers and overseas offices  
Tokyo office, Sapporo branch, Sendai branch, Chubu branch, Osaka branch, Chu-Sikoku Branch, Fukuoka branch, No. 1 Data Center, No. 2 Data Center  
Singapore Representative Office

**inet** I-NET Corp.

Capital: 3,203 million yen  
Consolidated employees:  
1,676

Non-consolidated  
employees: 959

Business:

Information processing  
services

System development  
services

Product sales

Wholly owned  
consolidated  
subsidiary

**ist** IST-Software Co., Ltd.

Capital: 608 million yen  
Employees: 464

Wholly owned  
consolidated  
subsidiary



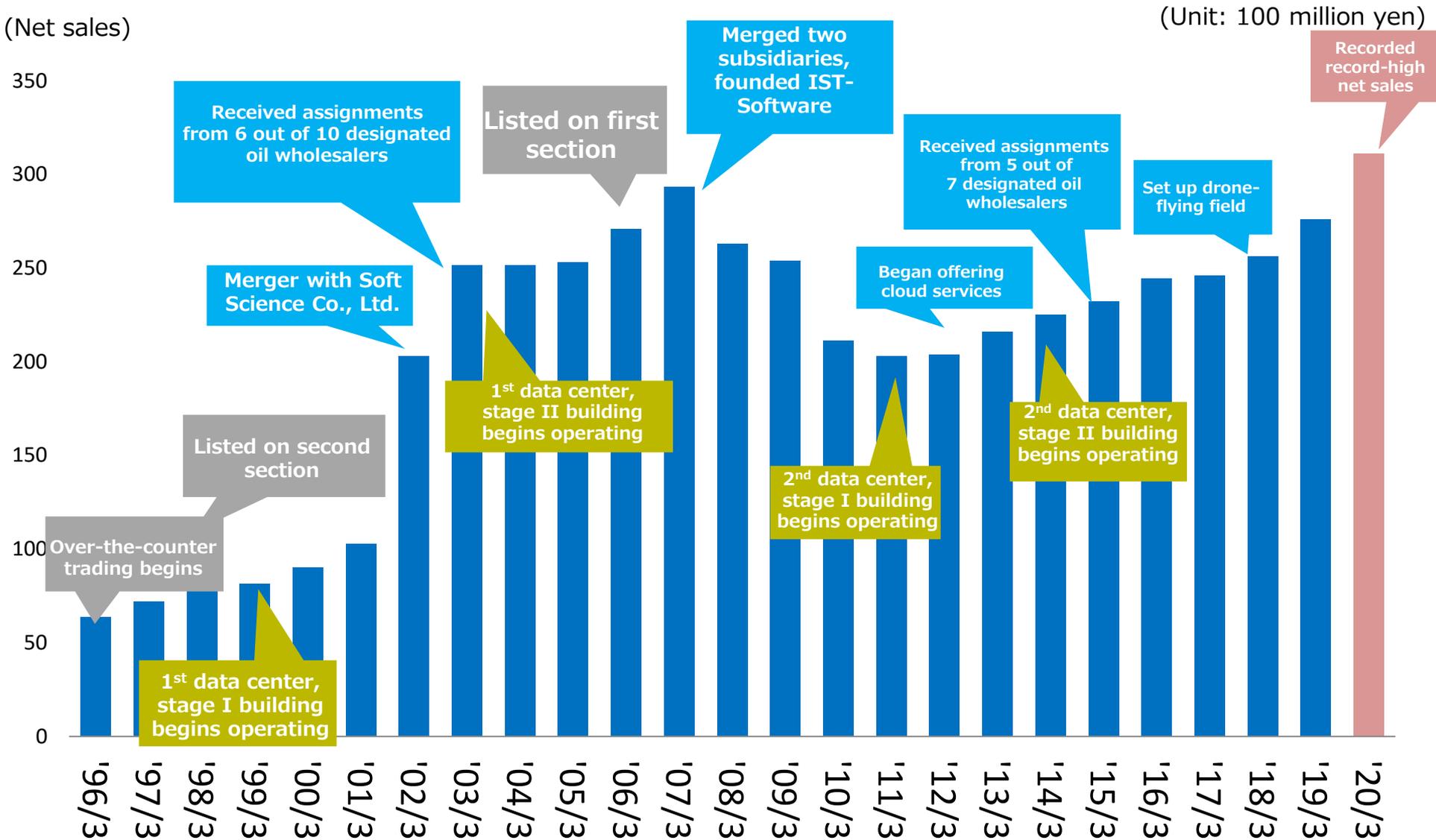
Software Control Co., Ltd.

Capital: 54 million yen  
Employees: 240

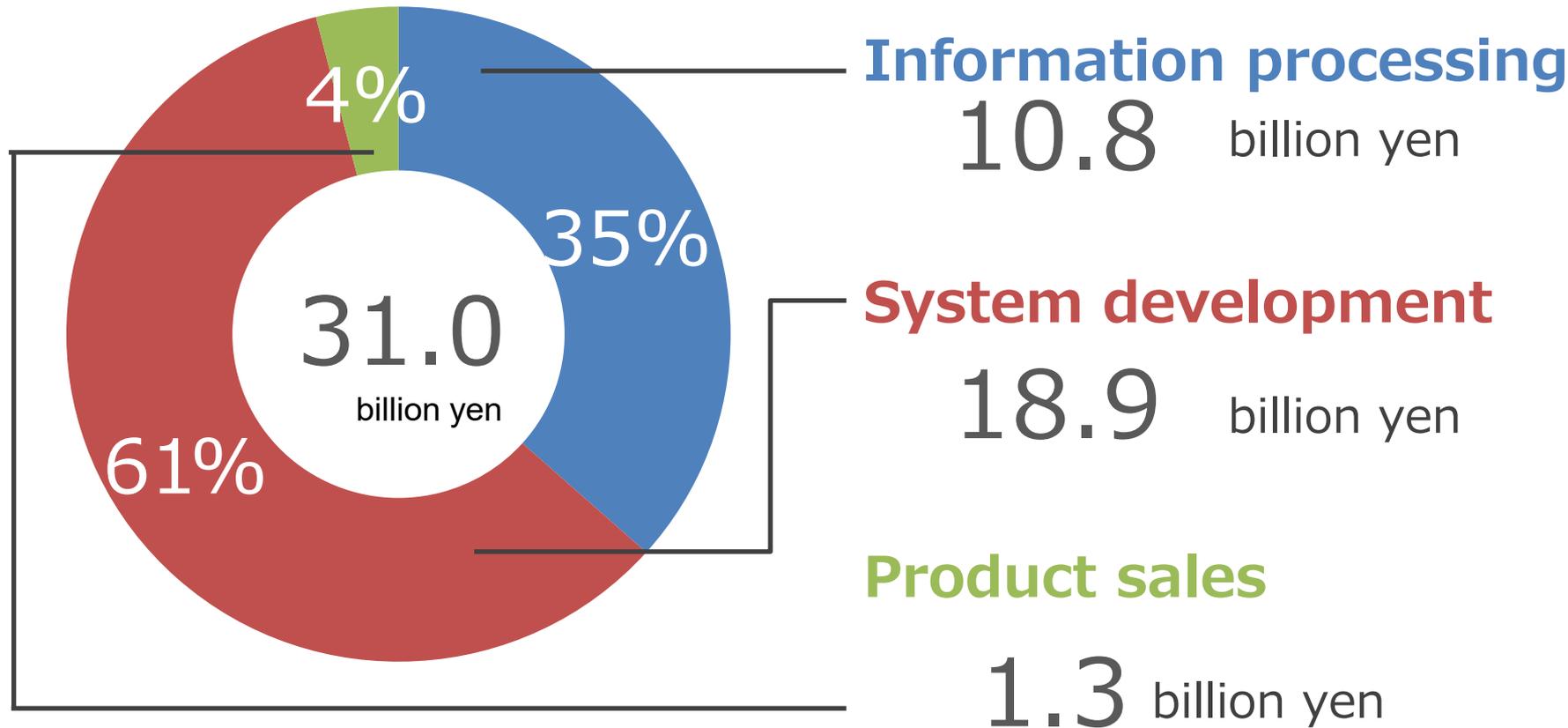
100% non-  
consolidated special  
subsidiary company

**I-NET DATA SERVICE CORP.**

Capital: 9 million yen  
Employees: 20



We provide customers with services in the following three service categories.



\*Net sales as of the fiscal year ended in March 2020

# inet Achieving stable growth by expanding the stock business

## Definition of stock business

- Business that generates net sales at a **fixed amount every month**
- Business with contracts that continue **beyond the next fiscal year**
- **Recurring revenue business = information processing services**

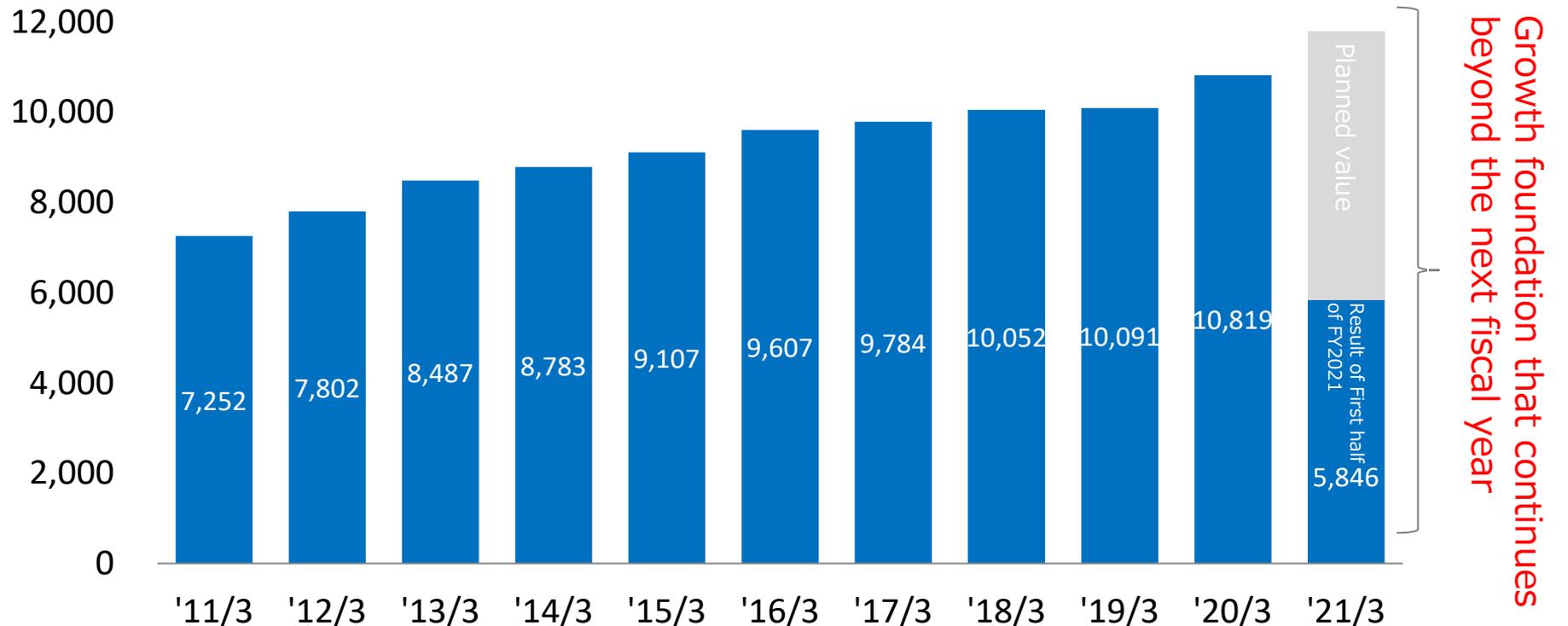
## Merits of expanding stock business

- **Growth foundation** built up with ongoing net sales
- **High profitability (most recent Gross profit was 23%)**
- Increase in net sales and income per person

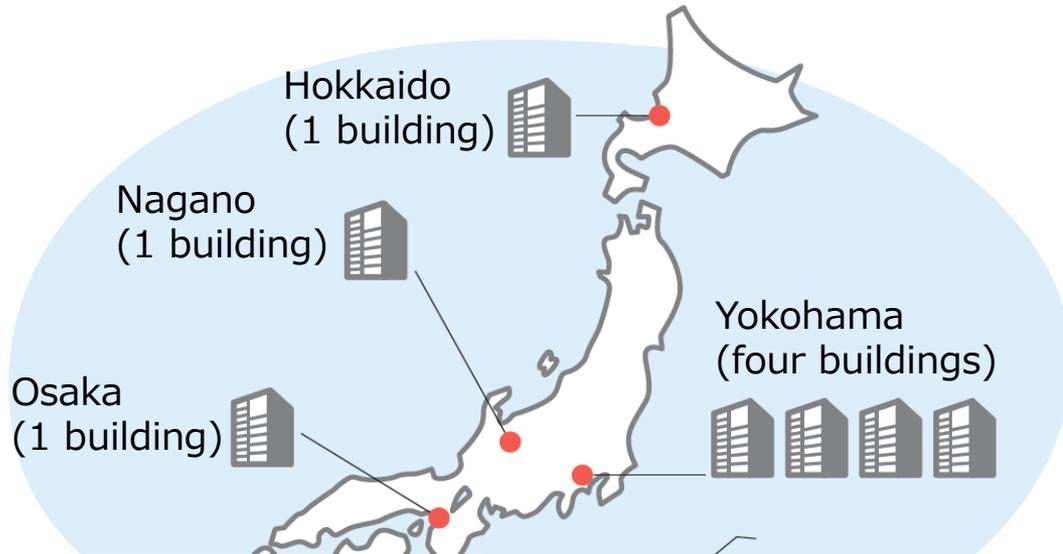
## Examples of stock business

- **Cloud services**
- **Data center services**
- SS commissioned settlement (gas stations)
- Printing and inserting

Trends in net sales for stock business over past 10 years (consolidated)



## Data center services



No. 1 Data Center  
(Yokohama)

Total floor area of about 9,000 m<sup>2</sup>



No. 2 Data Center  
(Yokohama)

Total floor area of about 13,000 m<sup>2</sup>

## Cloud services

Wide range of cloud services developed at data centers

Telework support

Remote desktop **VIDAAS**<sup>®</sup>  
Private Cloud Desktop as a Service

Business chat ChatLuck

File sharing **Cloudstor**<sup>®</sup>  
Private Cloud HDFS Storage Service

Business card management service

**名刺バンク**

Cloud infrastructure

**EASY Cloud**<sup>®</sup>

We have provided data processing services for gas stations (SS) nationwide since founding.



### Top-ranking share of the domestic market

Support SS at seven branches nationwide (Sapporo, Sendai, Tokyo, Nagoya, Osaka, Chugoku & Shikoku, Fukuoka)  
We have a relationship with about 30% of all SS based on over 50 years of results

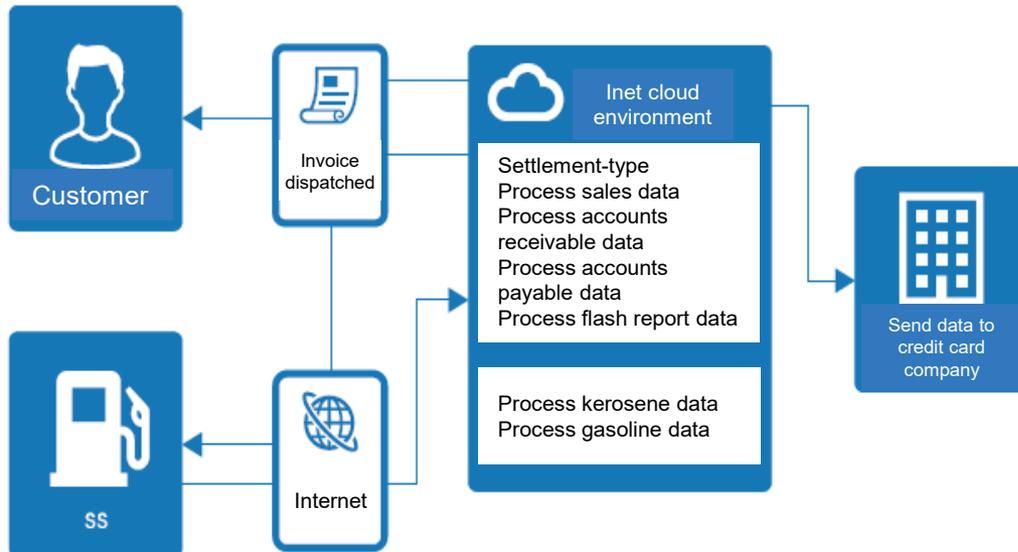
### Designated as a processing agent by wholesalers and trading firms

We provide account / credit processing systems for SS affiliated with oil wholesalers (ENEOS, Idemitsu Kosan, KYGNAS SEKIYU, TAIYO OIL) and trading companies (Itochu Enex, Mitsubishi Corporation Energy, Marubeni Energy, SAN-AI Oil)

### Stock business supporting many years of growth

Our petroleum sales settlement service has a long track record and is used by many SS, generating stock growth through monthly fees

(Overview of processing services)



- Support for building wholesaler settlement systems
- Credit processing
- Support for building wholesaling systems
- Support for building gas systems
- Settlement systems support, etc.

**Bolster development of "Government agency demand card systems" for petroleum associations nationwide**

Support emergency services by facilitating seamless refueling of emergency vehicles, etc.

We support the digital transformations of many customers through the trusting relationships we have built up over the years in fields such as operational application development, package software development, data services, AI services, embedded control systems, and space development.



Finance



Petroleum and gas



Retail and distribution



Space

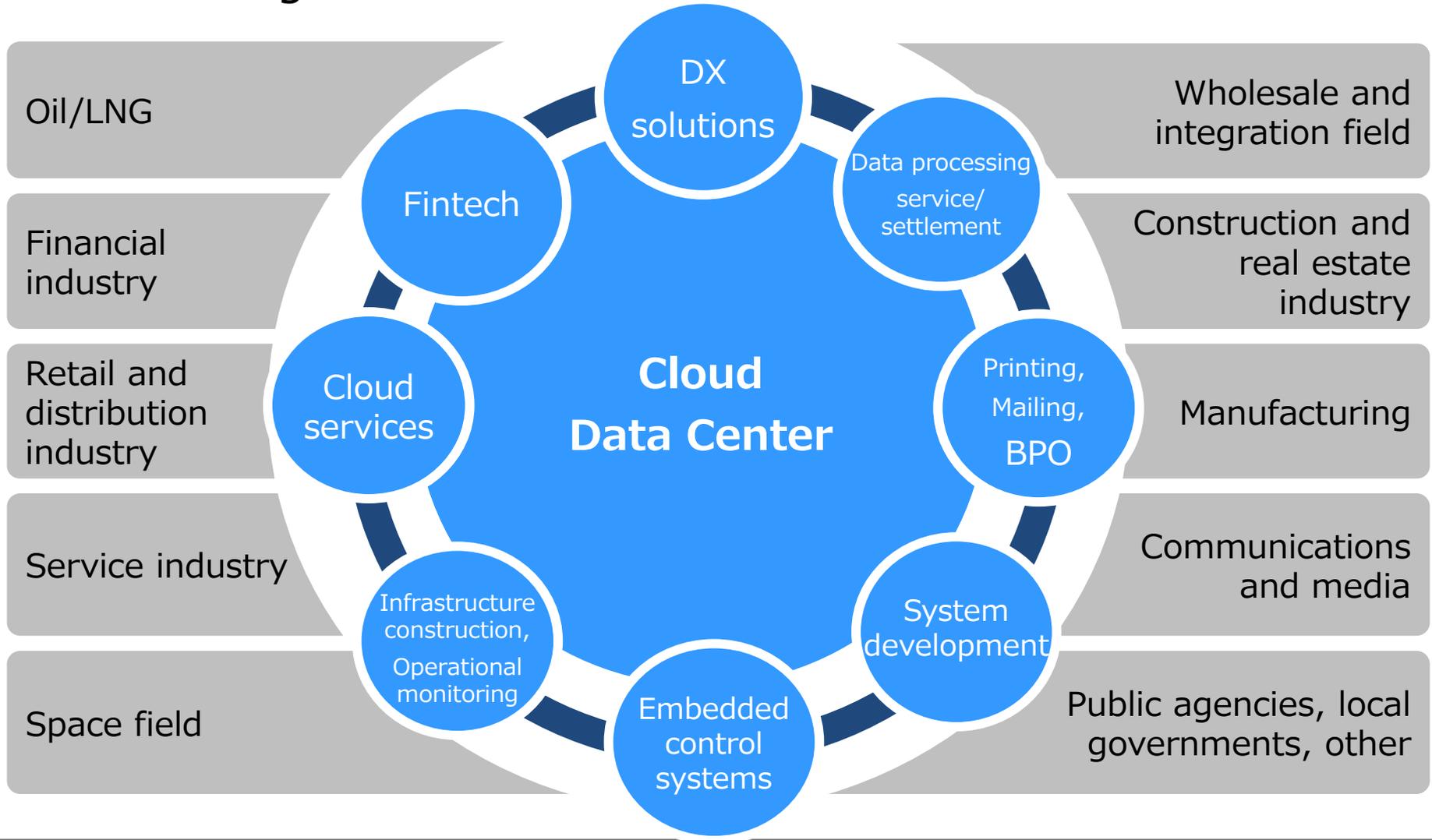


Manufacturing

Architecture and  
real estateRailways and  
transportation  
infrastructure

Medical

Align range of services with customers' businesses and develop into recurring revenue business centered on cloud data centers





## 2. Overview of Earnings in First half of Fiscal Year ending March 2020

(Unit: Million yen, %)

	First half of FY2019		First half of FY2020		Change over previous fiscal year	
	Amount	Percentage	Amount	Percentage	Change	Rate of change
Net sales	15,360	100.0	14,884	100.0	(476)	(3.1)
Cost of sales	11,818	76.9	11,734	78.8	(83)	(0.7)
Gross profit	3,542	23.1	3,150	21.2	(392)	(11.1)
Selling, general and administrative expenses	2,285	14.9	2,320	15.6	35	1.6
Operating income	1,257	8.2	829	5.6	(427)	(34.0)
Ordinary income	1,250	8.1	854	5.7	(396)	(31.7)
Net income attributable to parent	827	5.4	372	2.5	(454)	(55.0)
Income per share (yen)	52.01	—	23.34	—	(28.67)	—

# inet Sales by service category (consolidated)

(Unit: Million yen, %)

		First half of FY2019	First half of FY2020	Change	
				Amount of change	Percent change
Information processing ①	Net sales	5,396	5,882	485	9.0
	Gross profit	1,432	1,326	(105)	(7.3)
	Ratio of gross profit to net sales	26.5	22.6	(4.0)	—
System development services ②	Net sales	9,264	8,367	(897)	(9.7)
	Gross profit	2,028	1,740	(287)	(14.2)
	Ratio of gross profit to net sales	21.9	20.8	(1.1)	—
System Product sales	Net sales	699	634	(64)	(9.2)
	Gross profit	81	82	0	0.7
	Ratio of gross profit to net sales	11.7	13.0	1.3	—
Total	Net sales	15,360	14,884	(476)	(3.1)
	Gross profit	3,542	3,150	(392)	(11.1)
	Operating income	1,257	829	(427)	(34.0)
	Operating margin	8.2	5.6	(2.6)	—

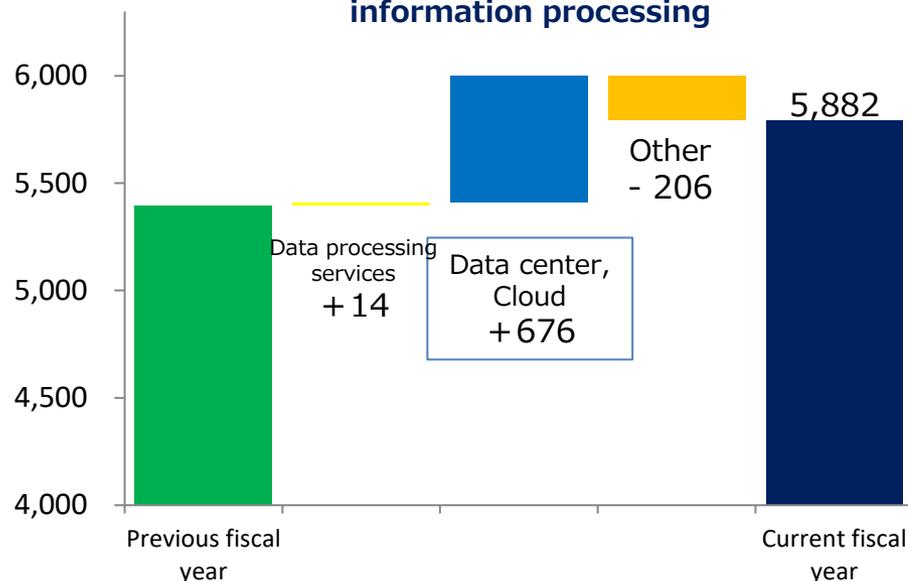
(Main factors)

①Data center sales rose due to a steady rise in usage. Mailing service sales and profit fell as the recent shift to digital and other factors has resulted in a decline in usage. Margins declined due to the strategic acquisition of low-margin projects aimed at boosting growth.

②Engineer utilization rates declined because system development projects for petroleum and other companies were put on hold or postponed due to the COVID-19 pandemic. As a result of this and other factors, sales and profits declined.

Factors causing trends in net sales for information processing

(Unit: Million yen)

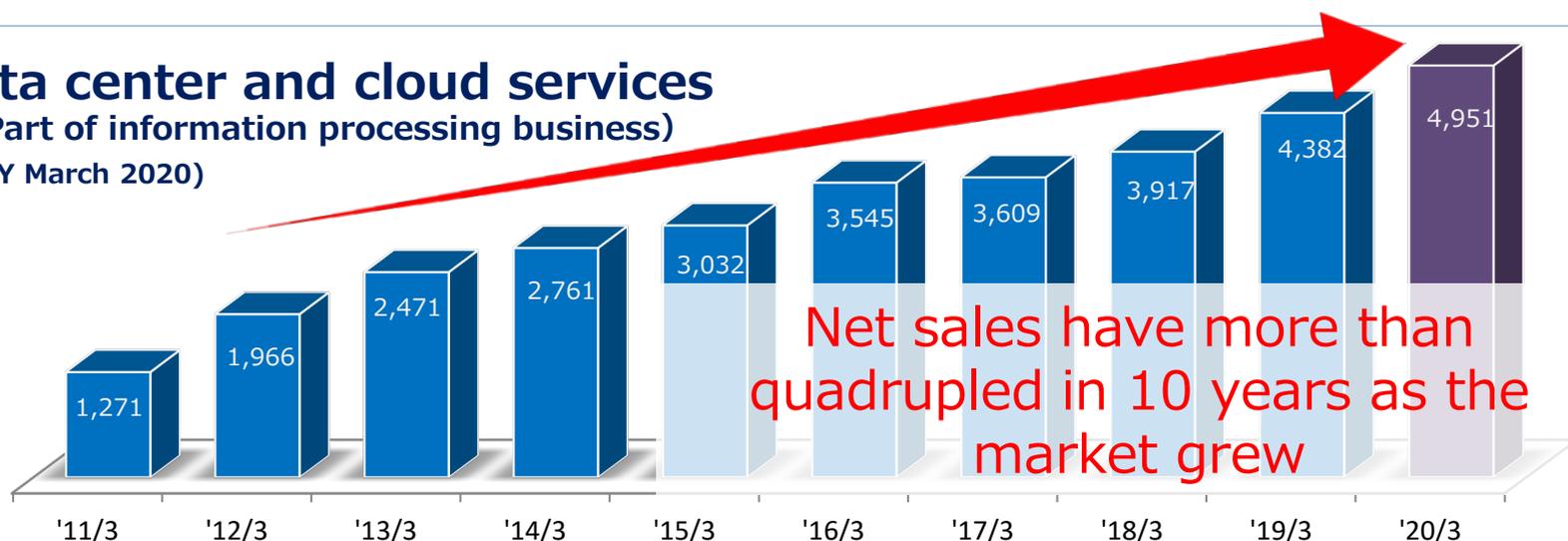


- Data center and cloud service sales rose due to greater use of data centers by existing and new customers
- Reduced use of mailing services due to the shift to digital and other factors resulted in a decline in sales

## Data center and cloud services

(Part of information processing business)

(FY March 2020)

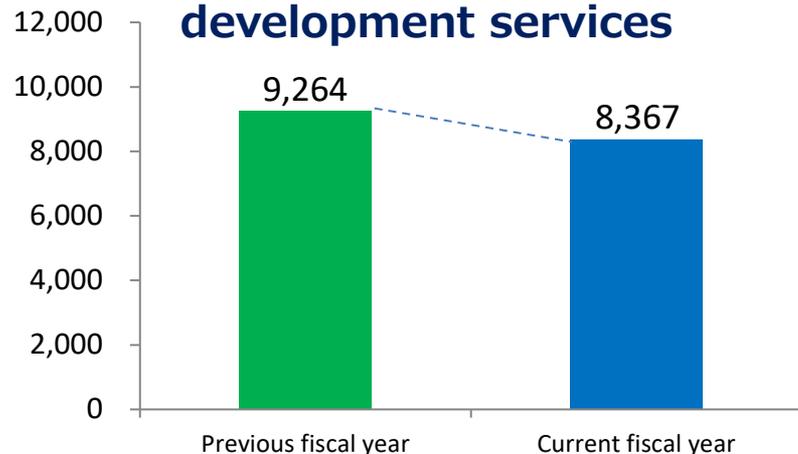


Net sales have more than quadrupled in 10 years as the market grew

Total of 1Q and 2Q FY March 2020

(Unit: Million yen)

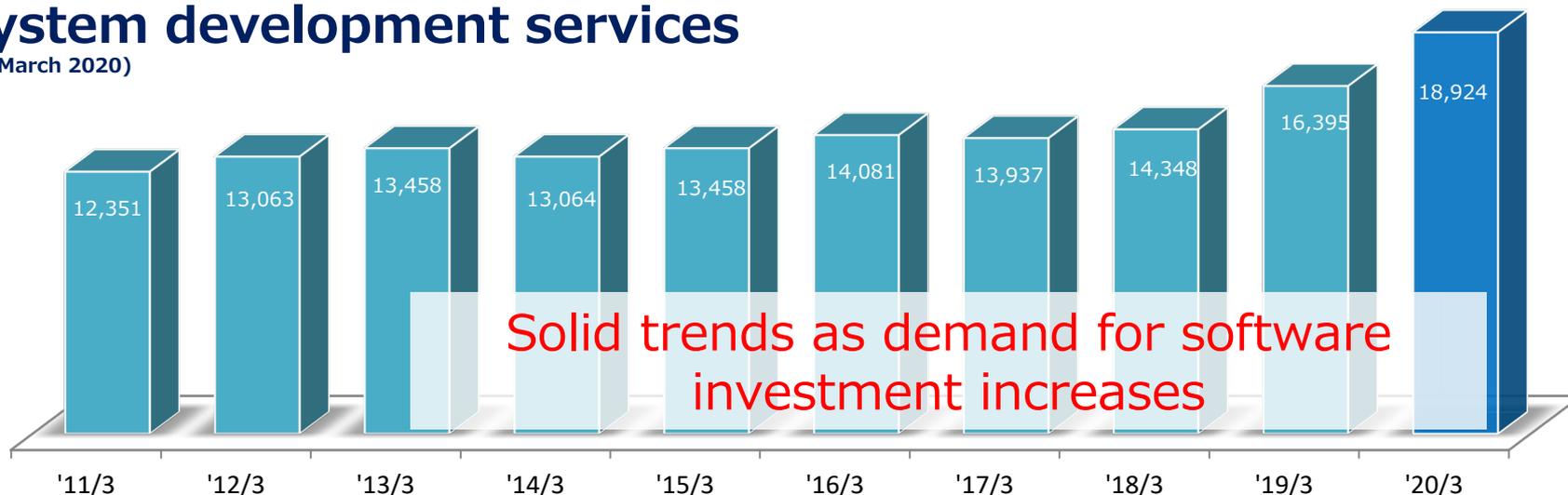
## Trends in net sales for system development services



- Software investment demand was strong and had trended firm before the COVID-19 pandemic
- The COVID-19 pandemic depressed engineer utilization rates, resulting in sales falling in both 1Q and 2Q FY March 2020

## System development services

(FY March 2020)





# Full-year progress

## Full-year consolidated forecast (Announced on July 30<sup>th</sup> , 2020)

(Unit: Million yen, %)

	First half of FY2020	First half of FY2021	Change	Forecast of FY2021	Progress rate
Net sales	15,360	14,884	(476)	31,500	47.3%
Operating profit	1,257	829	(427)	2,580	32.2%
Ordinary profit	1,250	854	(396)	2,540	33.6%
Profit attributable to owners of parent	827	372	(454)	1,675	22.2%

(About forecast for first half of FY2021)

- Sales and profit progress is lagging due to factors such as lower engineer utilization rates because the economic slowdown sparked by the COVID-19 pandemic resulted in some system development services projects being put on hold or postponed.
- The data center and cloud service business has enjoyed high demand even during the pandemic, with upbeat usage.
- The decline in 2H net income is partly due to a ¥250 million special retirement payout to the former Chairman (who also founded the company), which was booked as an extraordinary loss in 1Q.
- We aim to achieve the full-year target by leveraging the strength of our balanced business portfolio.

(Unit: Million yen, %)

		1Q	2Q	Change	Total of 1Q and 2 Q
Net sales	FY2021	7,341	7,543	201	14,884
	FY2020	7,280	8,080	799	15,360
	Change	60	(536)	(597)	(476)
Operating profit	FY2021	343	486	142	829
	FY2020	568	688	119	1,257
	Change	(225)	(202)	23	(427)
Ordinary profit	FY2021	4.7%	6.4%	1.7%	5.6%
	FY2020	7.8%	8.5%	0.7%	8.2%
	Change	(3.1%)	(2.1%)	1.1%	(2.6%)

(Unit: Million yen, %)

	End of fiscal year ended in March 2020		First half of FY2021		Change over end of previous fiscal year	
	Amount	Constituent ratio	Amount	Constituent ratio	Amount of change	Rate of change
Current assets	9,628	32.5	8,820	30.3	(808)	(8.4)
Non-current assets ①	19,960	67.5	20,327	69.7	367	1.8
Total assets	29,589	100.0	29,148	100.0	(441)	(1.5)
Current liabilities	8,407	28.4	7,956	27.3	(450)	(5.4)
Non-current liabilities	5,957	20.1	5,845	20.1	(112)	(1.9)
Total liabilities ②	14,365	48.5	13,802	47.4	(563)	(3.9)
Net assets ③	15,224	51.5	15,346	52.6	121	0.8
Total liabilities and net assets	29,589	100.0	29,148	100.0	(441)	(1.5)

## (Major factors)

- ① Investment securities rose by ¥405 million due to investments to strengthen the business and valuation reappraisals
- ② Interest-bearing debt declined ¥48 million, income taxes payable fell ¥198 million, accounts payable due to other and the acquisition of fixed assets fell ¥124 million, consumption tax payments and repayment of lease obligations reduced liabilities by ¥186 million
- ③ Capital surplus fell ¥128 million, valuation difference on available-for-sale securities rose ¥174 million, a reduction in treasury shares added ¥41 million

# inet Cash flow statement (consolidated)

(Unit: Million yen, %)

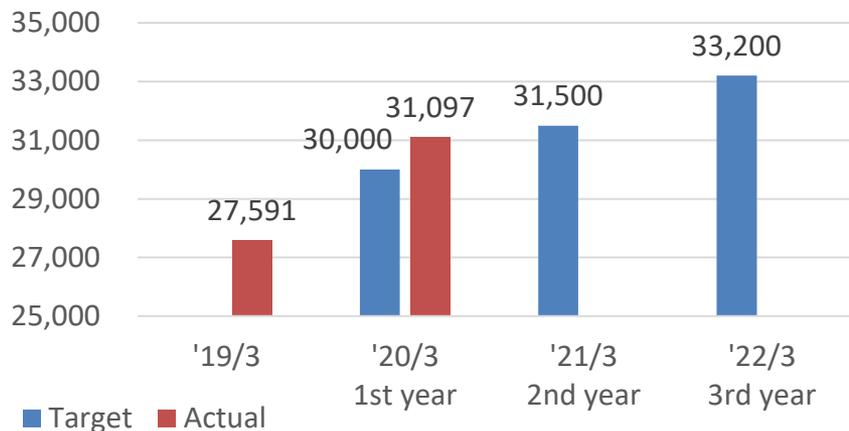
	First half of FY2020	First half of FY2021	Change over previous year
	Amount	Amount	Change
Cash flow from operating activities	1,471	① 1,154	(317)
Cash flow from investing activities	(2,123)	② (1,167)	956
Cash flow from financing activities	262	③ (633)	(895)
Change in cash and cash equivalents	(390)	(646)	(256)
Balance of cash and cash equivalents at beginning of period	3,299	3,083	(216)
Balance of cash and cash equivalents at end of period	2,909	2,436	(472)

(Major factors)

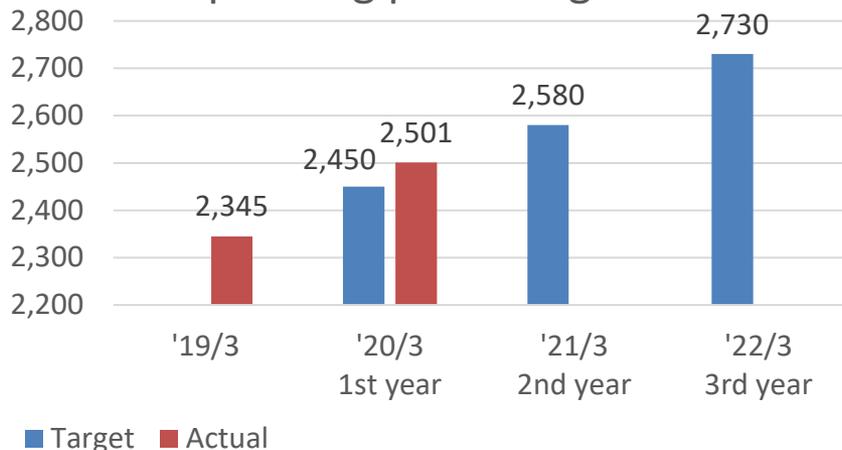
- ① Increase: ...Retained earnings from depreciation and goodwill amortization added ¥902 million  
Profit before income taxes and minority interests ¥571 million, trade receivables declined ¥227 million  
Decrease: ...income taxes paid ¥404 million, etc.
- ② Expenditure of ¥1,001 million mainly due to expansion of data center facilities to accommodate orders for large-scale projects
- ③ Interest-bearing debt declined ¥48 million, purchase of treasury shares of ¥105 million, dividends paid ¥341 million

## Net sales targets

(Unit: Million yen)



## Operating profit targets



We will accurately identify customer needs and continue to meet our targets.

### Status in first year of plan

- Net sales increased for the ninth straight year and net income rose for the tenth straight year, showing that we have made major strides in achieving our targets.
- Data center and cloud services were solid.
- System development field was strong due to high demand for IT investment.

### Plan for second and third years

- Respond proactively to customers' DX needs
- Improve product and service capacity for big data, AI and fintech
- Strengthen pursuit of cloud services
- Address needs for workstyle reform such as telework
- Work with private-sector startup companies and others in the space development field

### Impact of COVID-19 pandemic

- Information processing services centered on data centers and cloud services are driving earnings even during the pandemic
- System development services have been hurt due to a decline in engineer utilization rates. We expect this to normalize going forward.
- The pandemic has made the environment surrounding corporate capital investment unclear, but demand for IT investment has been sustained by the shift to telework and other workstyle reforms.
- We plan to further bolster the stock business.



## 3. Initiatives in Medium-term Management Plan

### Main businesses and topics

Please see the appendix for details of our medium-term plan initiatives

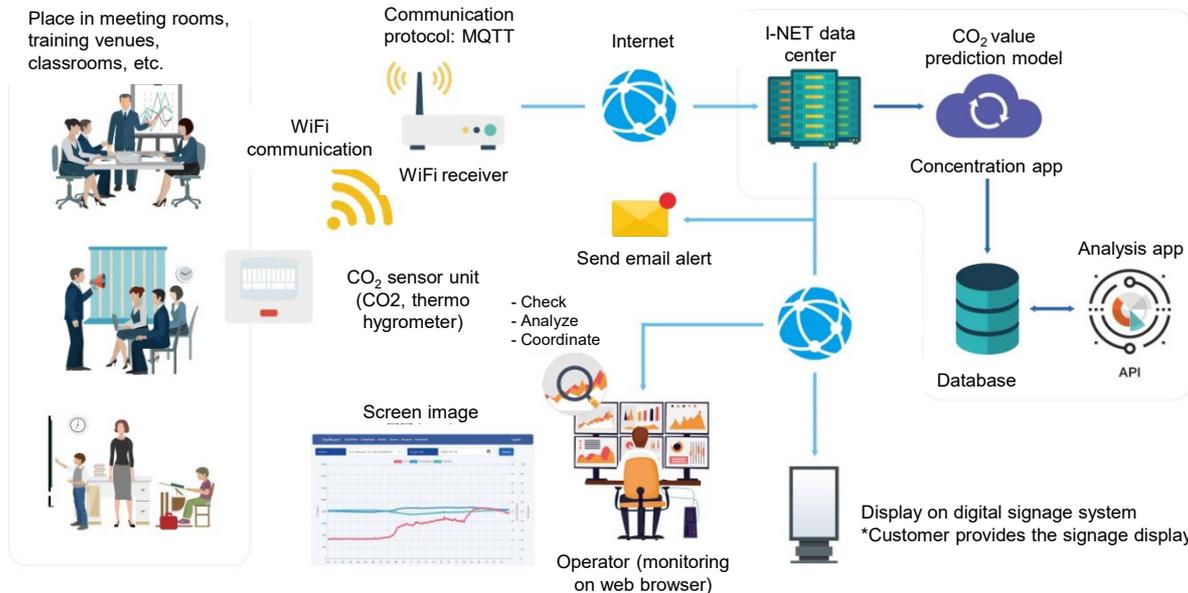
We established an R&D office in April 2020 aimed at strengthening R&D capabilities. The first fruit of this research was the launch of a Three Cs data sensing service based on IoT and cloud technology to help combat the COVID-19 pandemic

【New service】

**Dream Data Sensing™**

**i-visible CO<sub>2</sub>™**

The service constantly monitors the concentration of CO<sub>2</sub> in a room using a small IoT device that measures CO<sub>2</sub>. Concentration levels can be checked on smartphones or computers and alerts can be set up. It helps to reduce the risk of COVID-19 infection due to the Three Cs where many people tend to gather such as companies, commercial facilities, and educational facilities.



【Features】

- Alerts can be set up to help maintain optimal environments
- Easy-to-understand user interface
- Reduce the risk of COVID-19 infection during the pandemic
- Eases the burden on customers. Data is sent safely and securely to I-NET data centers

"ABC Financial<sup>®</sup>" is an activity-based costing system for financial institutions that enables multifaceted cost analysis and a swift response to the rapid digital transformation of banking business models. The system is performing well, and we aim to roll it out for other industries to make it a standard costing system.

# ABC Financial



~Activity-based costing system for financial institutions~

Our proprietary activity-based costing system for financial institutions makes it easier to understand cost structures that had been difficult to grasp by allowing users to freely set the information to be analyzed. The lightweight system configuration does not require database software and can be operated by a single PC. Installation of the dedicated ABC costing calculation engine developed by I-NET allows high-speed calculations to be performed, and big data extracted from mission-critical systems can also be imported.

## •Experienced in creating cost calculation models

We have staff experienced in building cost calculation models (rules for allocating expenses required for targeted business activities and products) and can provide a one-stop service from model construction to system construction.

## •Used by 23 firms, being adopted by regional banks

Shizuoka Bank, a major regional bank, decided to introduce the system in September. It has been adopted by major regional banks, as well as at second-tier regional banks, labor banks, and special financial institutions.

See our October 6 press release here:⇒



## •We can provide high-quality, fast systems

We provide systems that incorporate a dedicated ABC costing calculation engine with a proven track record. Excel can be used for model management and the analysis of cost calculations, eliminating the need to introduce new business intelligence tools for analysis.

## •Looking to expand into other industries, such as water departments

We aim to introduce costing systems to a variety of clients by leveraging our experience in constructing systems for many types of industries.

\*In general, such systems are often used in the financial, logistics, and medical industries, and have recently often been introduced at water departments to increase cost transparency.

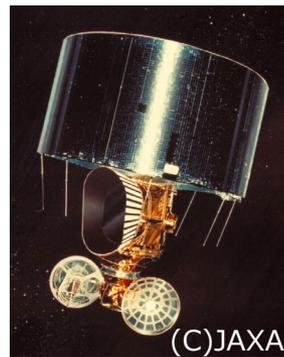
Private companies are becoming increasingly active in the space industry, suggesting it is poised to become a large market. I-NET is stepping up efforts in this field, building on its 40-plus years of expertise.

## 【Trends in the space business】

The space industry has traditionally been dominated by governments that have invested huge amounts into national space agencies, but private companies with no experience in space business are now entering the field. Technological advancements have enabled the development of low-cost small satellites, which are becoming mainstream. We expect this to become a large market in the future.

## 【I-NET's expertise】

We have over 40 years of experience in satellite development, starting from our work on the meteorological satellite Himawari No.1 in 1977. I-NET is one of the few players in the industry, meaning we receive requests for cooperation on satellite development from most prominent space start-ups.



(Himawari No.1)

## 【Promising artificial satellite businesses】

### 1 . Small satellite constellation business

Use a large number of small satellites to provide:

- ① Internet connection from anywhere on Earth
- ② Satellite images of all regions of the globe

### 2 . Space debris removal business

Create a safe environment for spaceship navigation

Remove debris that is becoming a growing threat

### 3 . Satellite data use business

Analyze space-related data such as images and location information, and apply it in other fields

➔I-NET has been steadily laying the groundwork for all three business opportunities

## 1 Small satellite constellation business

Many prominent space start-ups have asked I-NET to help with the development of small satellites. We are taking the following steps to secure adequate human resources to meet demand.

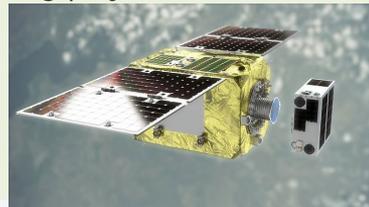
- ① Actively hiring former employees of large firms with a long history in space development
- ② Shifting staff from IoT and other development departments to the space business
- ③ Promoting alliances with business partners
- ④ Considering M&A of space-related companies
- ⑤ Recruiting from major national universities that are joint research partners
- ⑥ Hiring work-ready technical college personnel through new channels

## 2 Space debris removal business

Astroscale Holdings is a pioneer in the field of space debris removal and is leading the field in terms of development. We have built the following relationship with the firm and plan to expand the business globally.

- ① We invested ahead of procurement of the firm's E series, becoming the only shareholder as a satellite-related business.
- ② We have been strengthening our relationship since the company was established and are already collaborating on the following projects.

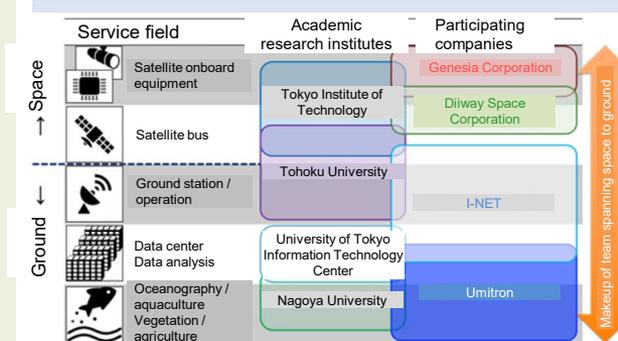
Development of debris removal satellite



Ground station operations

## 3 Satellite data business

A team of four major national universities led by the Tokyo Institute of Technology and private companies including I-NET were chosen for the JAXA Innovation No. 3 project, which is scheduled to launch in 2022.



I-NET's role:

- Satellite system design, test support
- Satellite operation (operation design, operation)
- Cloud environment to promote project
- Provide IT infrastructure for satellite data

I-NET is not only involved in the development and operation of satellites. We also aim to establish a satellite data business in collaboration with our mainstay data center and cloud businesses.

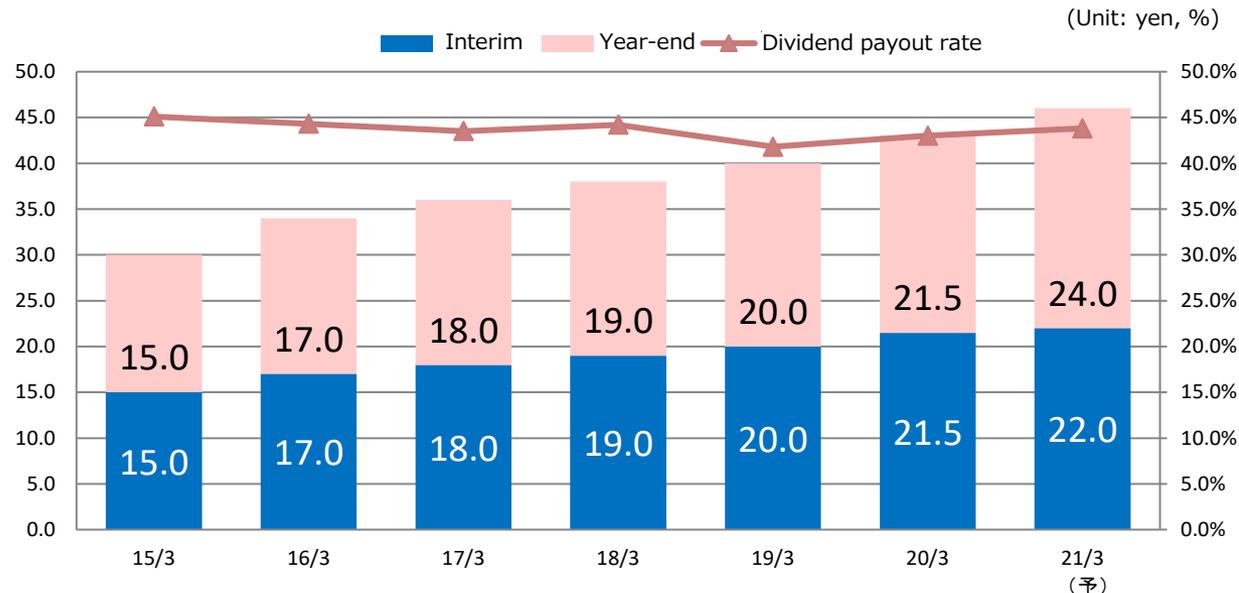
Item	Status of initiatives
<p><b>Business, services</b></p>	<ul style="list-style-type: none"> <li>• Establish a portal providing tools to support telework (Supporting the introduction of remote desktops, business chat app, online conference system, file-sharing services)</li> <li>• System support projects for the new normal gradually becoming more active (Projects to support building e-commerce site business related to automobile supplies; moves to promote cashless systems at financial institutions)</li> </ul>
<p><b>Customer interactions</b></p>	<ul style="list-style-type: none"> <li>• Use the Internet or other methods as appropriate for meetings inside and outside the company</li> <li>• Refrain from business meals with clients, limit the number of people that can meet in one place</li> <li>• Continuing stable operations of data centers and BPO business that receives customer data</li> </ul>
<p><b>Events</b></p>	<ul style="list-style-type: none"> <li>• For a certain period, stop holding seminars or participating in exhibitions</li> <li>• Start holding new online seminars</li> <li>• Continue conducting hiring activities, such as information sessions and interviews, over the Internet</li> </ul>
<p><b>Staff</b></p>	<ul style="list-style-type: none"> <li>• Implement work-from-home or staggered working hours as required</li> <li>• Record daily activities to facilitate a rapid review of staff activity if needed</li> <li>• Employees continue to work in good health</li> </ul>



## 4. Dividend Policy

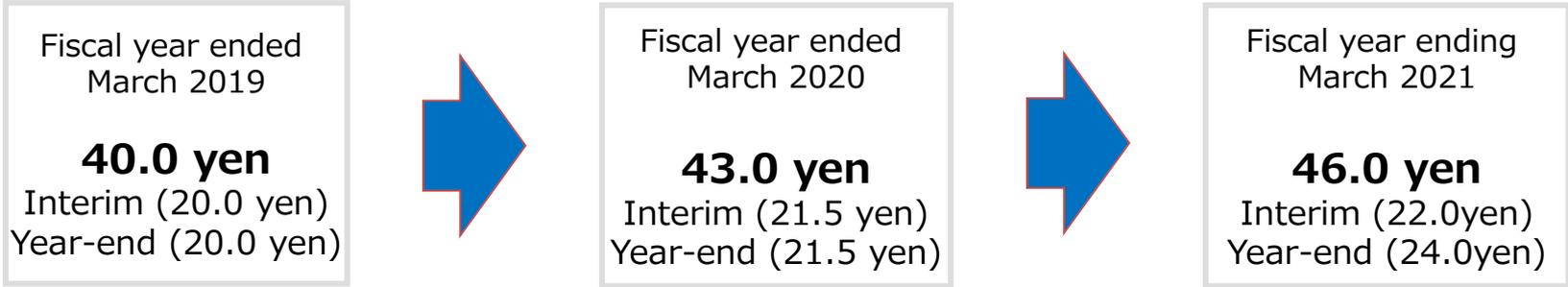
## 《Dividend Policy》

Continue with stable dividends while retaining earnings to prepare for future capital demand



\*We carried out a stock split on October 1, 2016, but actual dividends (estimates) are noted here (without adjusting for the impact of the stock split).

Plans for annual dividends per share (**ninth straight year of dividend increases planned**)



\*April 2021 will be the 50th anniversary since founding. We plan to raise our dividend and also pay a special end-of-year commemorative dividend of ¥2 as a thank you to our shareholders.



## 5. Appendix

# Initiatives in Medium-term Management Plan



Business strategy plan

Investment strategy plan

ESG initiative plan

Status of initiatives through September 2020

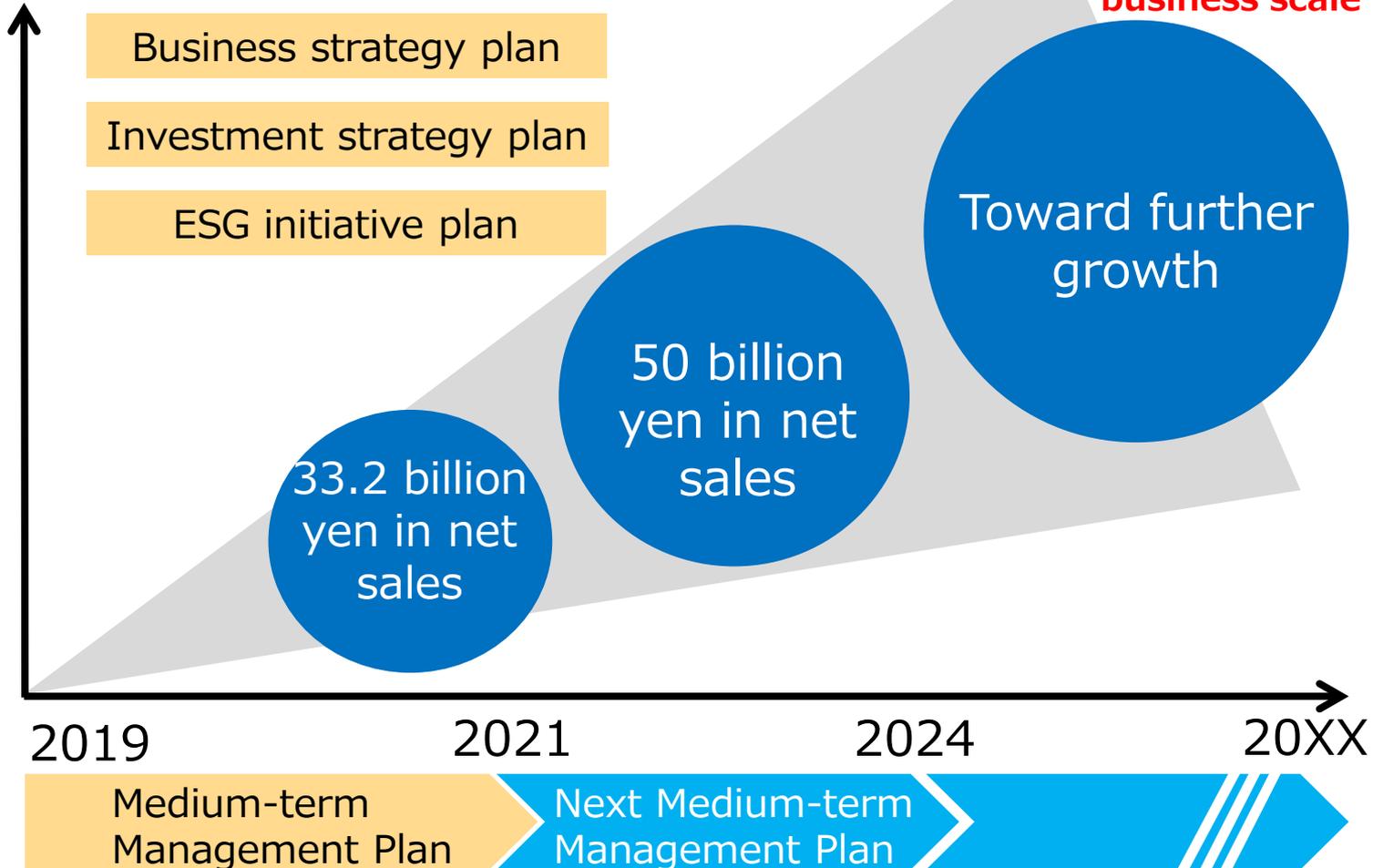
Please see our home page for details of the medium-term management plan announced in May 2019.

<https://www.inet.co.jp/ir/policy/mid-goal.html#contents>

## ~keep growing while changing~

Higher corporate value

Expanded business scale



Strengthen ties  
with customers

**Protect**



Enter new markets  
and service areas

**Offense**

Ensure that customer comes first

Proposals with added value

Develop products and services with growth  
potential

Invest in human resources



### 3. Initiatives in Medium-term Management Plan

Business strategy plan

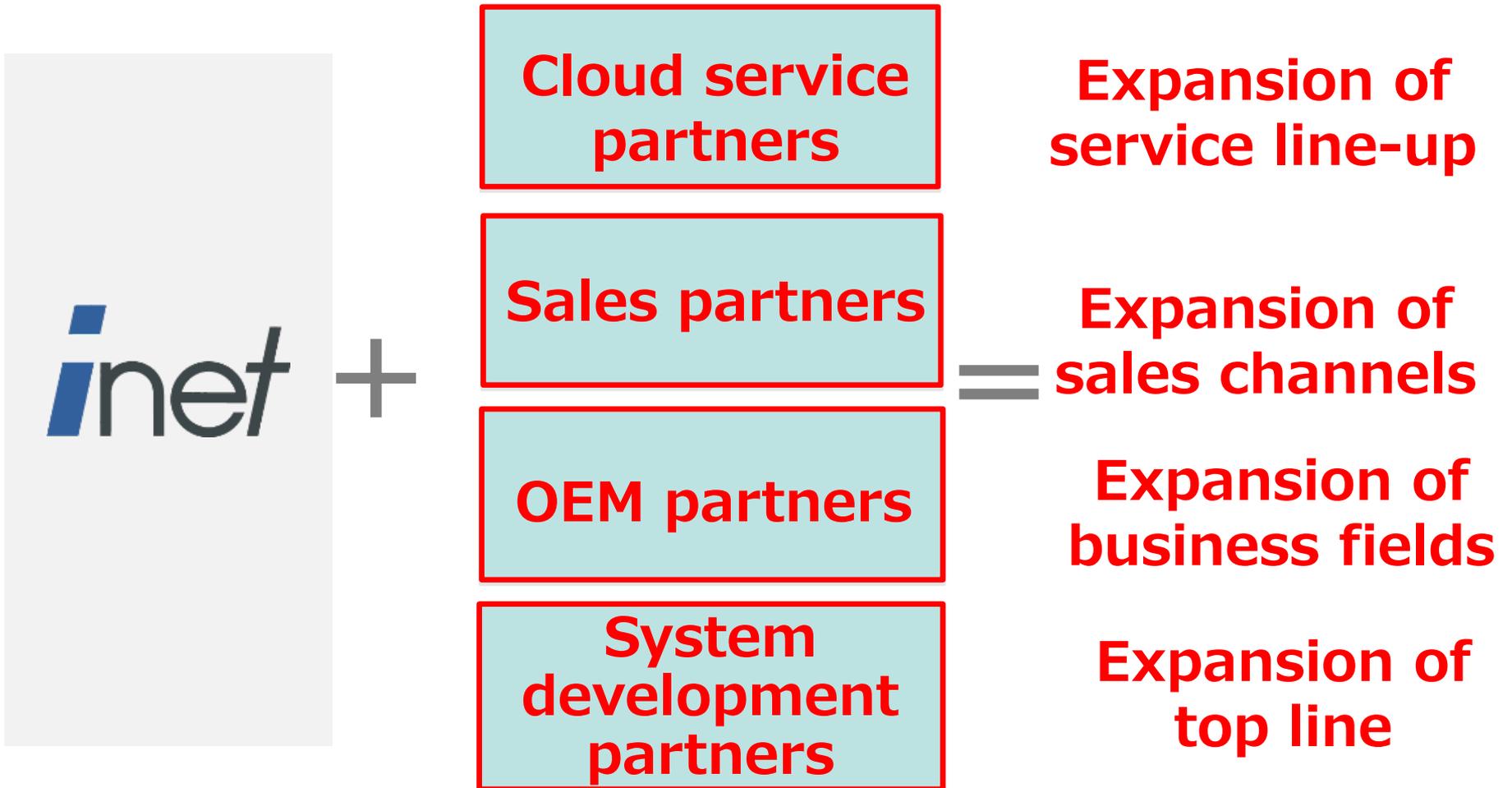
Investment strategy plan

ESG initiative plan

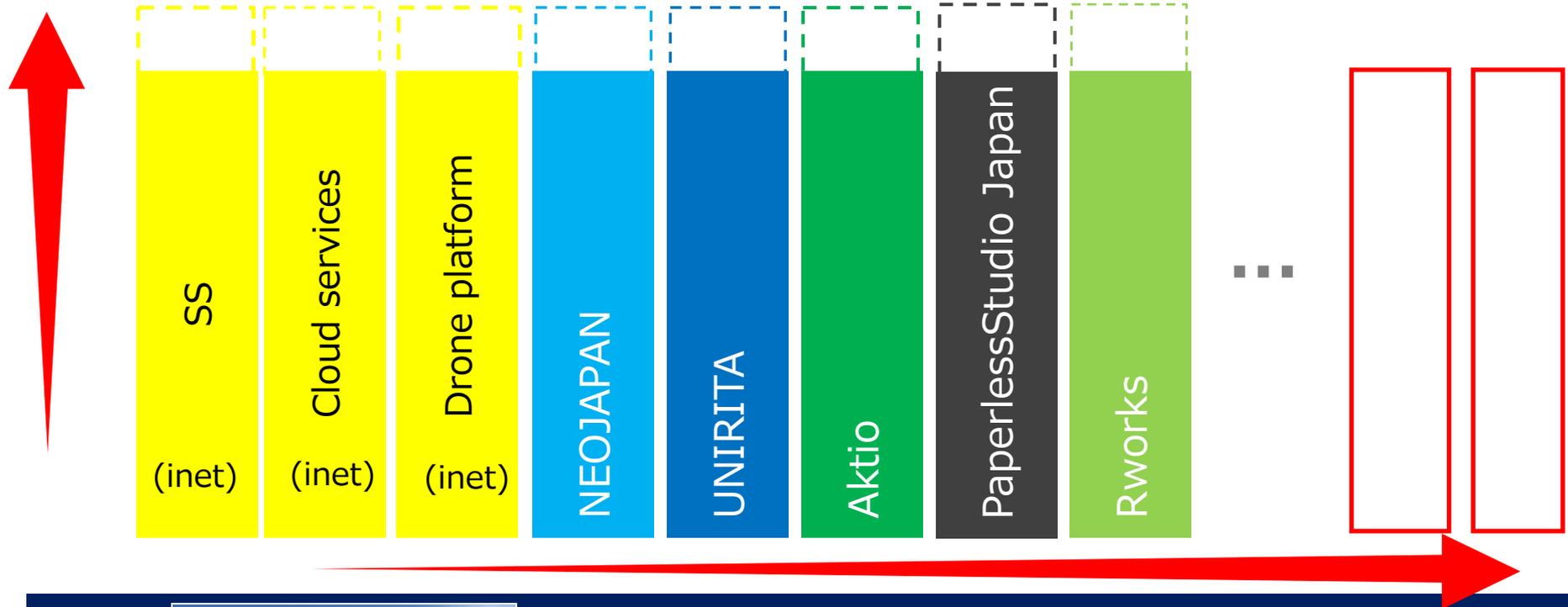
Status of initiatives through September 2020

Please see our home page for details of the medium-term management plan announced in May 2019.

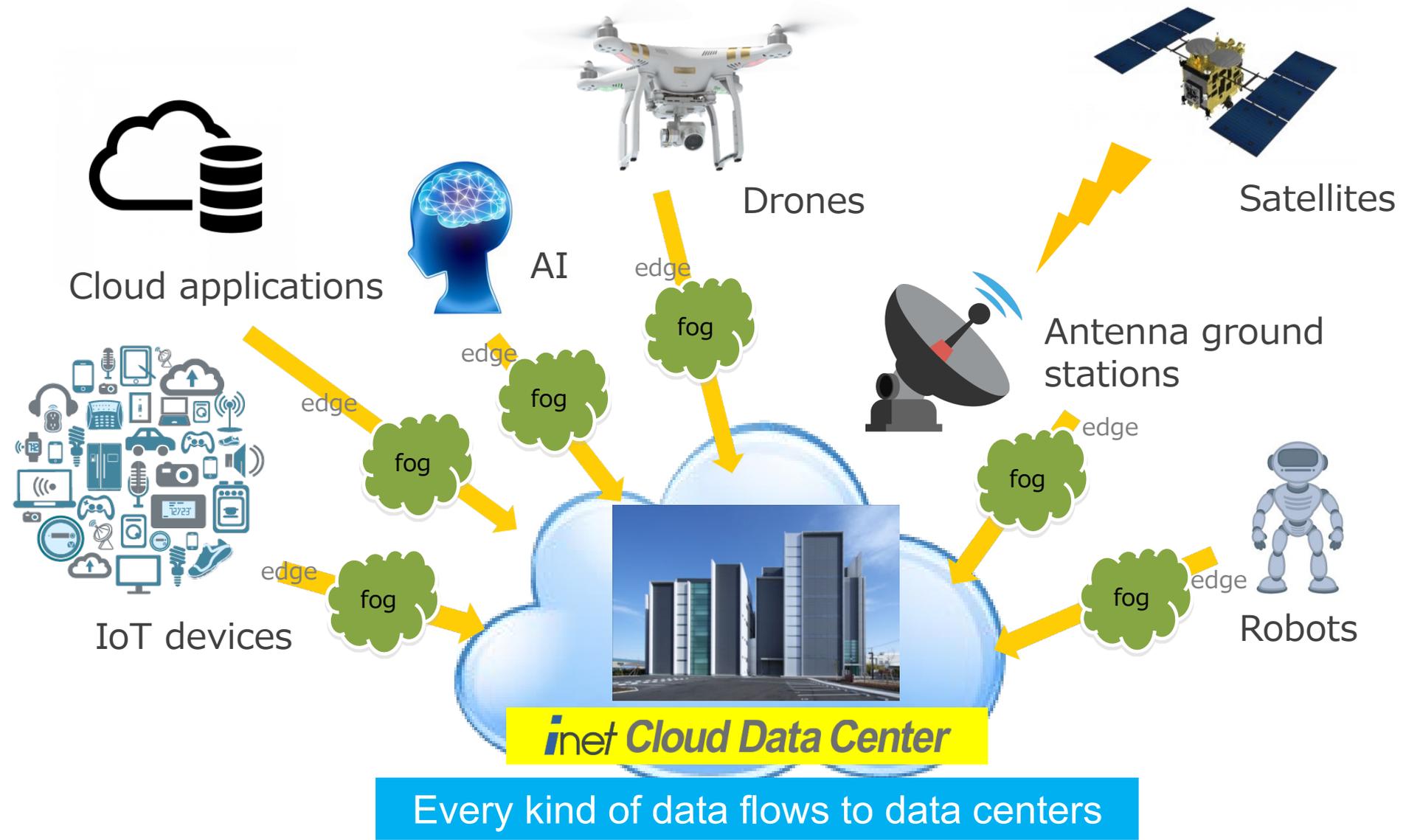
<https://www.inet.co.jp/ir/policy/mid-goal.html#contents>



As a **platform** provider,  
we will combine cloud infrastructure (NGEC) and applications as a service.



Next Generation  
**EASY Cloud<sup>®</sup>**  
**Cloud Data Center**





## Workstyle reforms

- Set up a telework promotion contact point and provide remote desktops and other tools



## Data and AI

- Expand the fields of data science and AI business
- Augment AI cloud services to mid-sized and small- and medium-sized companies and strengthen sales



## Fintech

- Strengthen and adjust financial packages tailored to change needs in financial market, monitor future market trends, revise financial products, expand system scope, and plan and consider package updates based on cloud compatibility



## Solutions for specific industries and applications

- Utilize our expertise in sales management operations for the distribution industry to differentiate ourselves from competing companies
- Modernize AS400 legacy assets
- Pursue BIM and CIM businesses for the construction industry
- Pursue infrastructure inspection services for local governments (Kimitsu model)



## 5G

- Regional broadband wireless access (BWA) initiatives, high-speed data communications helping to improve local public services



### 3. Initiatives in Medium-term Management Plan

Business strategy plan

Investment strategy plan

ESG initiative plan

Status of initiatives through September 2020

Please see our home page for details of the medium-term management plan announced in May 2019.

<https://www.inet.co.jp/ir/policy/mid-goal.html#contents>



## Data center/Cloud platforms

- Development of a next-generation cloud platform that takes cloud infrastructure (NGEC) to the next level
- Upgrade data center facilities, increase floor space, and systematically carry out expansions
- Expansion of data analysis and data science business



## Human resource training

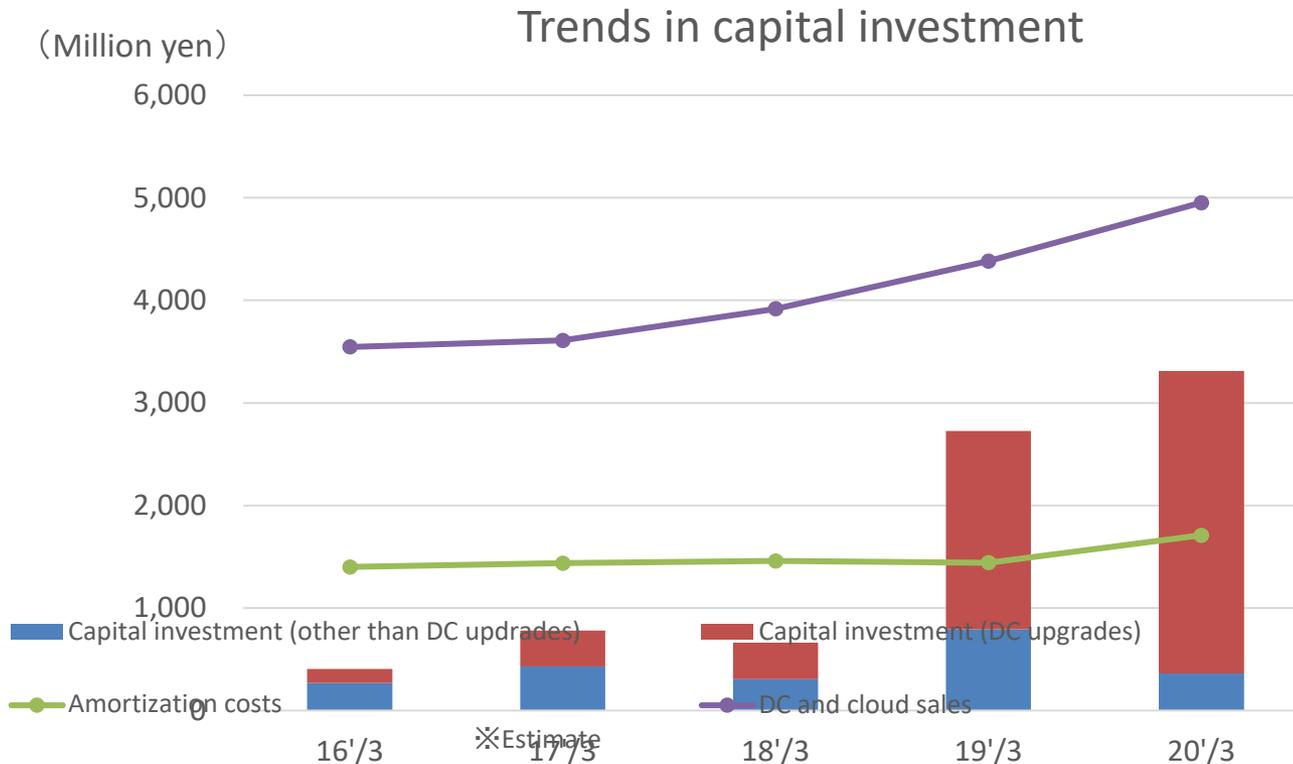
- Implement measures to achieve targets for number of new graduate hires, strengthen hiring of mid-career hires who can immediately be effective
- Reinforce education and training programs and their substance to enhance human resource capacity at each level



## Overseas business

- Build business foundation in Southeast Asia (plans to set up a business base)
- Aim to expand services with areas of expertise and cutting-edge technology

- Capital investment focused on data centers, which are the core of our services
- As customers use data centers, we regularly update facilities, and recently have augmented facilities in line with large-scale projects.



### New graduate hires

Trends in number of new graduate employees for I-NET on parent basis

Number of new graduate hires increases every year

Entry in April 2015	Entry in April 2016	Entry in April 2017	Entry in April 2018	Entry in April 2019	Entry in April 2020	Planned hires for April 2021
33	42	42	44	48	64	80

### Mid-career hires

Hire professionals with cutting-edge IT skills such as data analysis and professionals who can immediately be effective in the space development field, an area on which we are currently focusing

### Human resource training

#### Training for each step along the career path

- New hire training → Six-month new hire training
- Annual training for young employees → Training for each class of new hires is provided annually
- Training for managers → Management training for newly appointed managers
- Management Academy → Special training to train future managers
- Many other theme-specific training programs, such as training to strengthen sales and diversity training



### 3. Initiatives in Medium-term Management Plan

Business strategy plan

Investment strategy plan

ESG initiative plan

Status of initiatives through September 2020

Please see our home page for details of the medium-term management plan announced in May 2019.

<https://www.inet.co.jp/ir/policy/mid-goal.html#contents>

Reinforcing system for fair and transparent corporate management

## Shift to company with an Audit and Supervisory Committee

### Strengthen supervisory functions of board of directors

- Audit and Supervisory Committee members, who supervise the job execution of board members, become members of the board of directors
- Audit and Supervisory Committee members have the right to vote in board of directors meetings



Strengthen  
supervisory  
function



Enhance  
transparency

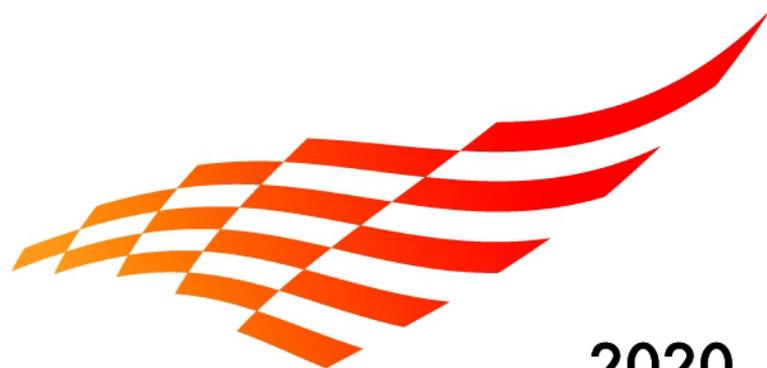
## Establishment of Nominating and Compensation Committee

### Strengthen independence and transparency, as well as accountability, of the functions of board of directors meetings

- Responsible for appointing and removing managers and nominating candidates for director positions
- Compensation for managers and directors, and other

I-NET recognized as a “White 500” organization in Certified Health & Productivity Management Organization Recognition Program in 2020 for second straight year

We aim for ongoing improvements to corporate value and will go even further in supporting efforts to promote employee health.



2020

健康経営優良法人

Health and productivity

ホワイト500

## ～Declaration of Health-Focused Management～

Based on the philosophy that employees are the greatest asset in management, I-NET recognizes employee health from a management perspective. We believe that the mental and physical health of employees is the source of sustainable corporate value improvement. Therefore, we will actively promote health management that supports employee health.

For details, see here→ <https://www.inet.co.jp/sustainability/social/health-management.html>



In January 2020, I-NET's regional development foundation was authorized as a public interest corporation. By carrying out long-term and stable activities and supporting activities that contribute to the development of a better local community, we are implementing ESG activities and giving back to society.

I-NET's regional development foundation,  
a public interest corporation



The foundation carries out the following projects  
in the Kanagawa Prefecture region.

- ① Projects to support and provide subsidies or to assess and award the sustainability and activities of organizations that carry out activities related to the following activities
  - Sound training and education of children and youth
  - Sound mental and physical development through sports
  - Improve public sanitation
  - Environmental conservation and infrastructure
  - Sound development of local community
- ② Projects needed to achieve other objectives with public benefit

I-NET's regional development foundation was established by Noriyoshi Ikeda, I-NET's founder and chairman of the board, to provide support and advice on sustainable activities for organizations carrying out activities contributing to society in Kanagawa Prefecture (activities aimed at providing public benefit).

Link for foundation's website  
<https://www.inet-found.or.jp/>

## Promote health-focused management

## Diversity promotion

Based on our belief that employees are management's greatest asset, I-NET believes that the physical and mental health of employees is the key to raising corporate value sustainably, and pursues health management accordingly. In order to create a working environment in which all employees can exercise their strengths with peace of mind, we pursue reforms to work styles.



White 500	Eruboshi	Kurumin
Recognized in February 2019	Recognized in October 2018	Recognized in May 2012
METI, MHLW, other	Recognized by Minister of Health, Labour and Welfare	Recognized by Minister of Health, Labour and Welfare
(Key initiatives related to health) <ul style="list-style-type: none"> <li>• Declaration of health-focused management</li> <li>• Ensuring that employees receive regular checkups, and follow up based on checkup results</li> <li>• Industrial doctors provided and health support office set up</li> <li>• Encourage employees to receive mental health tests</li> </ul>	(Key initiatives related to female participation in the workplace) <ul style="list-style-type: none"> <li>• Ratio of women: 23.0%</li> <li>• Women account for 40% or more of new graduate hires</li> <li>• Formation of women's committee</li> <li>• Formation of Diversity Promotion Office</li> <li>• Appointment of female directors (two out of 11)</li> <li>• Kanagawa's Women's Participation Support Group</li> </ul>	(Key initiatives related to childrearing) <ul style="list-style-type: none"> <li>• Expansion of shorter work hour program (until child is in third grade of elementary school)</li> <li>• Establishment of days on which all employees leave work on time</li> <li>• Maternity leave for spouse</li> <li>• Days off for memorials</li> <li>• Work from home program</li> <li>• Job return program</li> </ul>

## Promotion of employment for disabled people

### 10-year Anniversary of establishment

#### I-NET Data Service

A special subsidiary was established (authorized by Minister of Health, Labour and Welfare) with the aim of providing a place in which disabled people can thrive and receive support in living independently.

自立そして自律

自立 成長 自律

#### ■ Primary operations



Data entry



Scanning



Light work

Preparation of business cards, etc.



## Growth of “Cheering on Working Moms” website to support childrearing and women’s participation in the workplace

#### Cheering on Working Moms

Support Team for Working Mothers was set up and is run as a search site for childcare centers that uses open data for Yokohama City.



<https://kosodate.inet.co.jp/>

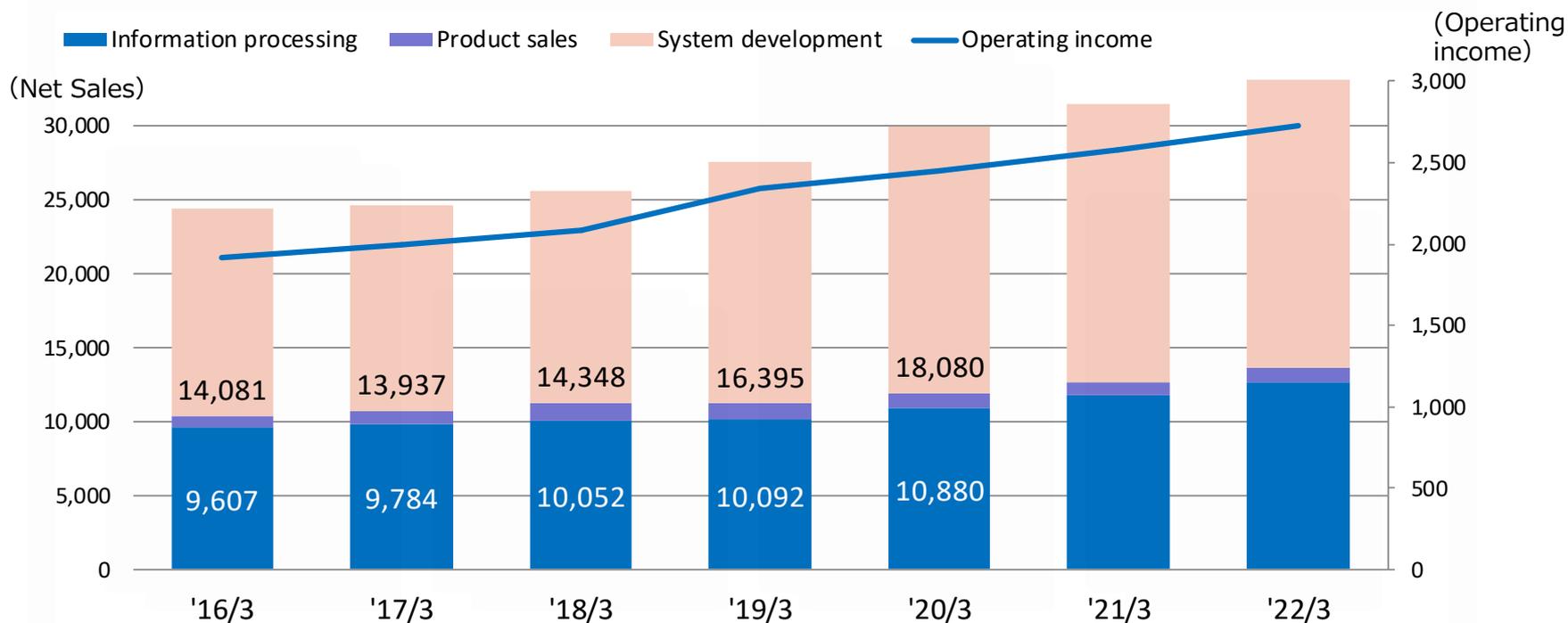


# Initiatives in Medium-term Management Plan

## Earnings plans

Plans as of the release in May 2019

(Unit: Million yen)



(plan) (plan) (plan)

Net sales	24,434	24,617	25,615	27,591	30,000	31,500	33,200
Operating income	1,918	1,992	2,081	2,345	2,450	2,580	2,730
ROE	9.4%	10.7%	10.4%	10.9%	10.9%	11.0%	11.1%



These materials were prepared on the basis of information that is currently available, and actual performance may differ from forecasts due to a range of factors. We ask for your understanding.

All services and products listed in these materials are registered trademarks or trademarks of I-NET or other companies.

Please contact the company with any inquiries.

Corporate Strategy and Investor Relations

TEL 045-682-0806

E-Mail [contact\\_ir@inet.co.jp](mailto:contact_ir@inet.co.jp)

URL <https://www.inet.co.jp>