

May 16, 2022

Briefing Materials for Financial Results Fiscal Year Ended March 2022

[TSE, Prime Market: 9600]





Contents





Overview of Earnings for Fiscal Year Ended March 2022

FY2022: Consolidated Overview of Earnings



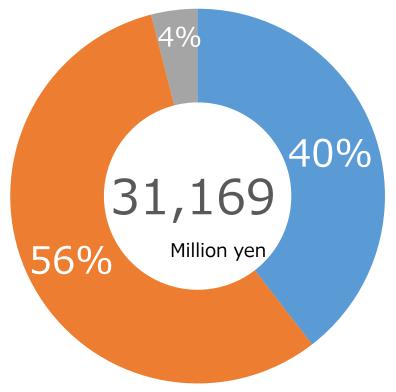
(Unit: Million yen)	Fiscal year ended March 2021 ("FY2021")		Fiscal year ended March 2022 ("FY2022")		Change YoY	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Net sales	30,016	100.0%	31,169	100.0%	1,153	3.8%
Cost of sales	23,211	77.3%	24,018	77.1%	806	3.5%
Gross profit	6,804	22.7%	7,151	22.9%	346	5.1%
Selling, general and administrative expenses	4,648	15.5%	4,783	15.3%	134	2.9%
Operating income	2,155	7.2%	2,367	7.6%	212	9.8%
Ordinary income	2,279	7.6%	2,542	8.2%	262	11.5%
Net income attributable to parent	1,494	5.0%	1,694	5.4%	199	13.4%
Income per share (yen)	93.62	_	106.08	_	12.46	13.3%

Net sales by service



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

Percentage of Net sales by service in FY2022



Information processing

12,464 million yen

Data center, Cloud service Commissioned calculation service Mailing Service etc.

System development

17,511 million yen

Development of software Development of hardware etc.

Product sales

1,193 million yen

Note: Total of Net sales by service may not match due to rounding. The same applies hereafter.

FY2022: Full-year sales by service



(Unit: Million yen)		Fiscal year ended March 2021	Fiscal year ended March 2022	Change YoY	
		Amount	Amount	Amount	Percentage
	Net sales	11,861	12,464	603	5.1%
Information	Gross profit	2,803	2,949	146	5.2%
processing	Ratio of gross profit to net sales	23.6%	23.7%	0.0%	_
	Net sales	16,936	17,511	574	3.4%
System development	Gross profit	3,821	4,001	179	4.7%
	Ratio of gross profit to net sales	22.6%	22.8%	0.3%	_
	Net sales	1,217	1,193	(24)	(2.0%)
Product sales	Gross profit	179	200	20	11.6%
	Ratio of gross profit to net sales	14.8%	16.8%	2.1%	_
Total	Net sales	30,016	31,169	1,153	3.8%
	Gross profit	6,804	7,151	346	5.1%
	Operating income	2,155	2,367	212	9.8%
	Operating margin	7.2%	7.6%	0.4%	_

- In the fiscal year ended in March 2022, Information processing services remained a strong performer. System development services recovered from the impact of COVID-19 to a pace of steady growth.
- Gross profit increased over the previous year in all service categories.

FY2022: Information processing services – Trends in net sales

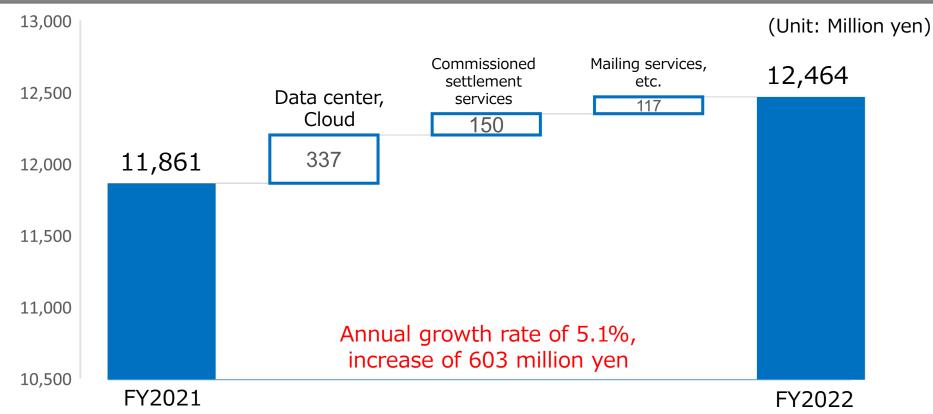




- Sales in Information processing services have grown approximately 1.5 times over the past 10 years.
- In particular, Sales in Data center and Cloud service has grown substantially, approximately 2.6 times over the past 10 years.
- Commissioned settlement at gas stations, our founding business, remains solid with its sales increasing every year.
- Competition for Mailing services has been on the decline due to a reduction in mailed material over the previous over the previous year, but our Company's services are well regarded and inquiries have been increasing. We also see signs of a halt in the decline.

FY2022: Information processing services – Factors behind fluctuations in net sales

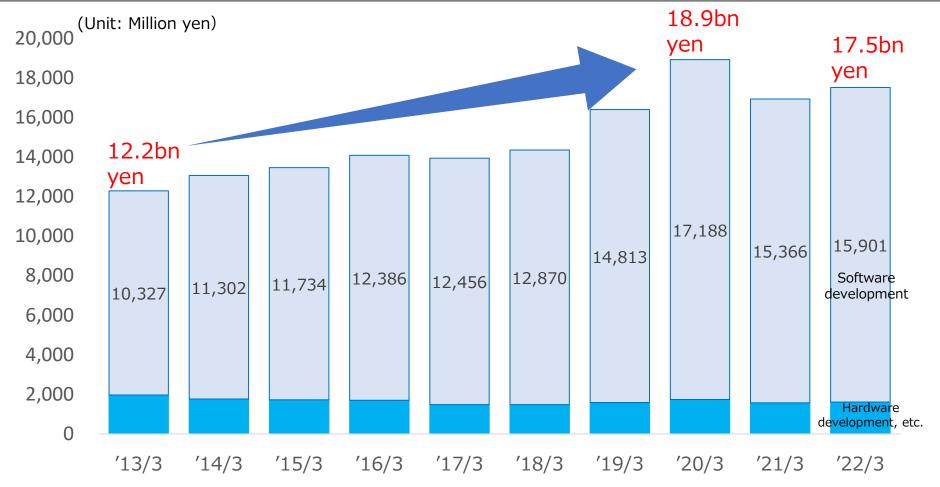




- Sales in Information processing services increased by +5.1% p.a. to 12.4 billion yen in FY2022.
- As in the previous year, sales in Data centers and Cloud services increased, and Commissioned settlement at gas stations and others were also solid.
- Sales in Mailing services in FY2022 showed the first rise in these five fiscal years. As a result all services began to show gains in sales over the previous year.

FY2022: System development – Trends in net sales

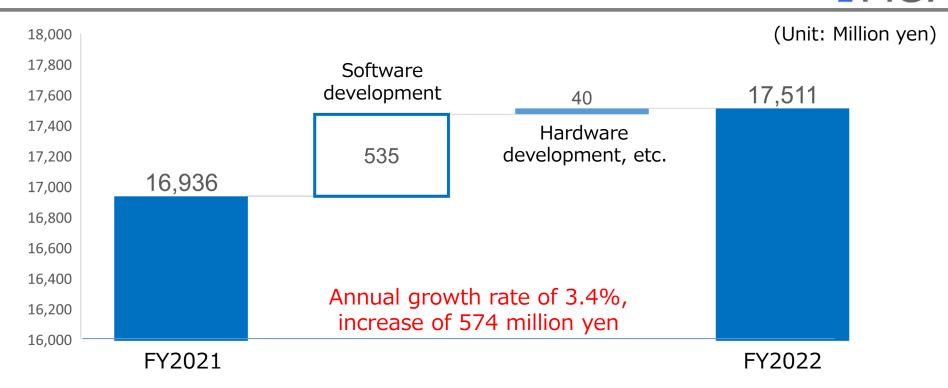




- Sales in System development services grew approximately 1.4 times over the past 10 years.
- The sales has increased every fiscal year until the record-high sales totally 18.9 billion yen achieved in FY2020. In the following year, the sales declined in FY2021 in part due to customers' review of development projects as a result of the pandemic.
- However, the close relationship between the customers and I-NET is still strong, so that the decline in Net sales was limited in scale.

FY2022: System development - Factors behind fluctuations in net sales





- Sales in System development in FY2022 increased by +3.4% p.a. to 17.5 billion yen.
- While the environment remains difficult due to COVID-19, sales from customers in the financial industry, distribution industry, and communications service industry, who respect the Company's expertise and technology, were solid, and recovered from a decline in sales in the previous fiscal year to gains.
- In this fiscal year, as a result of efforts to improve the operational efficiency of system employees, gross profit improved. Gross profit increased by +4.7% p.a., exceeding the 3.4% p.a. increase in net sales.

FY2022: Consolidated Balance Sheet



(Unit: Million yen)		End of fiscal year ended in March 2021		End of fiscal year ended in March 2022		Change YoY	
		Amount	Constituent ratio	Amount	Constituent ratio	Amount	Percentage
	Current assets	10,561	32.9%	10,701	31.9%	139	1.3%
	Non-current assets	21,494	67.1%	22,802	68.1%	1,307	6.1%
Total assets		32,056	100.0%	33,503	100.0%	1,447	4.5%
	Current liabilities	8,625	26.9%	9,903	29.6%	1,278	14.8%
	Non-current liabilities	7,218	22.5%	6,295	18.8%	(922)	(12.8%)
Total liabilitie	S	15,843	49.4%	16,199	48.4%	355	2.2%
Net assets		16,212	50.6%	17,304	51.6%	1,091	6.7%
Total liabilities and net assets		32,056	100.0%	33,503	100.0%	1,447	4.5%

- The balance of cash and deposits at the end of FY2022 totals 3,684 million yen.
- Similarly, the balance of investment securities held at the end of the fiscal year (increased 945 million yen year on year, primarily due to revaluation of the securities).
- The balance of interest-bearing borrowings, including bank loans & leases, at the end of the fiscal year was 9,074 million yen (down 1,000 million yen year on year, primarily due to a decrease in long-term borrowings).
- The Company spent 1,953 million yen in capital expenditures in its own Data centers and others in this fiscal period.





FY2023: Forecasts of Consolidated Financial Results



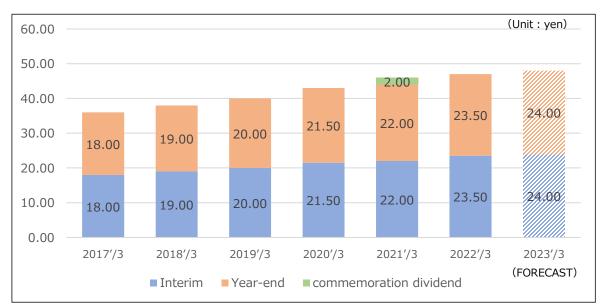
(1) 1) A(1)	Fiscal year end	ed March 2022	Fiscal year ending March 2023		
(Unit: Million yen)	Amount	Amount Change YoY		Change YoY	
Net sales	31,169	3.8%	33,500	7.5%	
Operating income	2,367	9.8%	2,640	11.5%	
Ordinary income	2,542	11.5%	2,770	9.0%	
Net income	1,694	13.4%	1,830	8.0%	
Ratio of operating income	7.6%		7.9%	_	
Ratio of ordinary income	8.2%		8.3%	_	

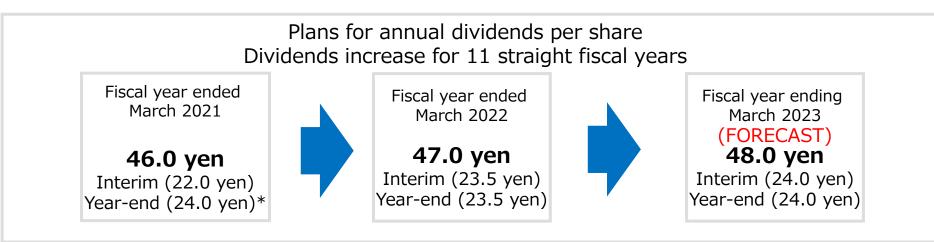
Dividend Policy





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





^{*}April 2021 was the 50th anniversary since founding. We raised our dividend and also pay an additional dividend of ¥2.0 as the commemoration of 50th anniversary in FY2020.





Dedicated department established to reinforce pursuit of SDGs



I-NET has proactively engaged in ESG management, primarily activities giving back to the community. An SDGs Promotion Office has now been established to pursue further initiatives.

SUSTAINABLE GOALS





































Missions of SDGs Promotion Office

- Ensure familiarity with SDGs and ESG within the Company
- Promote activities giving back to society
- Collaboration with local governments, industry and academia, customers, and others
- > Business development from social issues
- Promotion of initiatives with the Task Force on Climate-related Financial Disclosures (TCFD)
- PR activities

Promotion of health management



With the belief that employees are the biggest asset for management, we think that employees who are healthy both mentally and physically are the source of ongoing improvements in corporate value, and pursue health management.

We are pursuing workstyle reforms in order to create a working environment in which all employees can exercise their abilities with piece of mind.

White 500

(certified for fourth straight year)



Yokohama Health Management Certification 2022

Received highest rank of AAA (I-NET, I-NET Data Service)







Primary initiatives on health

- > Declare health management
- Collaboration between HR Division, Health Support Office, and Health Insurance Union

Employment for disabled people · Childcare support



[Promotion of employment for disabled people]

II-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



■ Primary operations



Data entry Scanning









[Childcare support website]

Cheering on Working Moms

Support Team for Working Mothers was set up and is run since June 2017 as a search site for childcare centers that uses open data for Yokohama City.

(The number of page view in FY2021 : 710 thousand views)



I-NET's regional development foundation



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



神奈川のよりよい地域社会の発展を応援します。



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

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

[Result] •

- FY2019: 13 organizations/3.3 million yen
- FY2020: 14 organizations/3.9 million yen
- FY2021: 22 organizations / 6.4 million yen

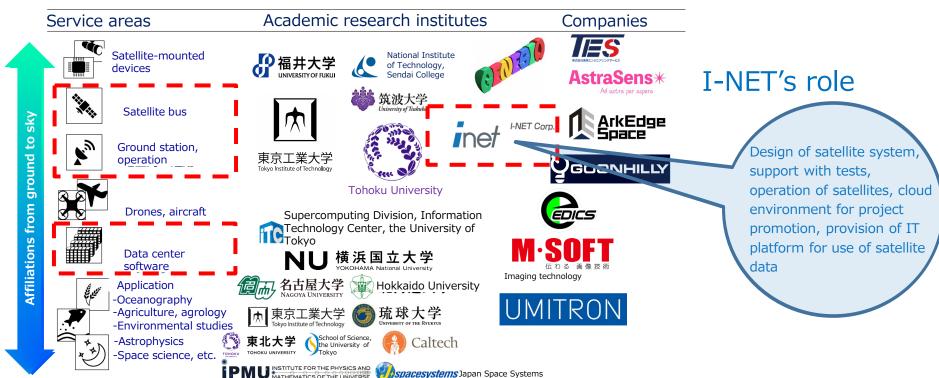
I-NET's regional development foundation was established by Noriyoshi Ikeda, I-NET's founder Supreme Adviser, to provide support and advice on sustainable activities for organizations carrying out activities contributing to society in Kanagawa Prefecture (activities aimed at providing public benefit).

Expansion of Space business (Umi Tsubame Project PETREL)



As part of Japanese space agency JAXA's Innovative Satellite Technology Demonstration-3 mission, in May 2020, I-NET was chosen to participate in the land and marine observation microsatellite project (Umi Tsubame, or "petrel") carried out by a team consisting of companies and universities, with the Tokyo Institute of Technology playing the central role. Currently, the satellite is being put together and tests and other preparations are being made for a completion date in FY2022.

 \sim Using IoT measurements and satellite data so that terrestrial and marine observation can contribute to resource exploration and solutions for food problems \sim

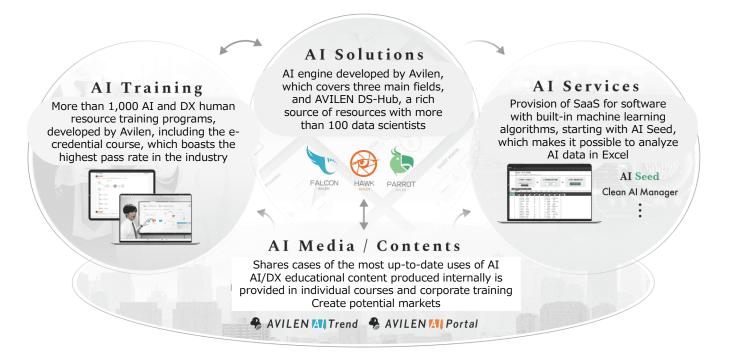


http://www.hp.phys.titech.ac.jp/umitsubame/index.html

Conclusion of capital and operation tie-up agreement with AVILEN



In March 2022, we invested in AVILEN, a start-up company that develops AI technology. In this way, we are pursuing business synergies through collaboration.



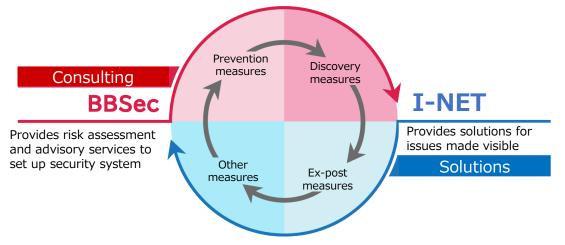
- Accelerated AI and DX human resource training
- Reinforcement of AI and DX businesses
- Use of AI in data center business
- Use of AI in drone business

Start of collaboration with broadband security company



In March 2022, we began a collaboration to provide security services with BroadBand Security, Inc. (BBSec).

Services aimed at resolving customers' issues will be offered.

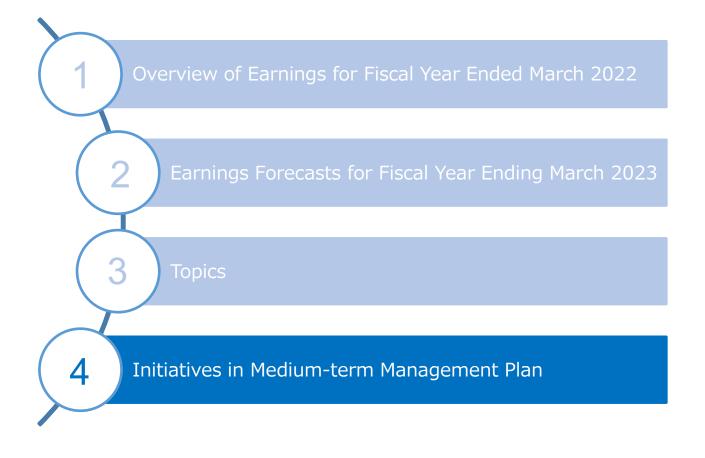


Customer issues	BBSec	I-NET
Establishment of security system	Provides risk assessment and advisory services	Provides solutions for issues made visible
Introduction of cloud services	Provides risk assessment and advisory services to set up security system	Provides cloud services offered at I-NET's data centers

Example of services provided in collaboration

- > Consulting services such as security risk assessments
- Service to diagnose vulnerabilities in applications and platforms







Initiatives in Medium-term Management Plan (April 2022 - March 2025)

May 2022

I-NET Corp.

Looking Back on the Previous Medium-term Management Plan (April 2019 – March 2022)

Results in numbers (Previous medium-term plan: April 2019 – March 2022)

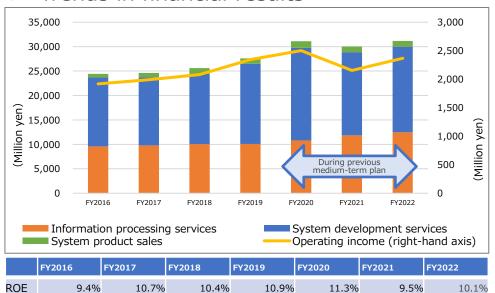


(Unit: Million yen)

	EV2040	FY2022				
	FY2019	Medium-term target ^(*)	Result	Compared to target		
Net sales	27,591	32,500	31,169	96%		
Operating income	2,345	2,330	2,367	102%		
ROE	10.9%	10.0%	10.1%	+0.1%		

^(*) On May 7, 2021, the initial plan was revised downward (initial plan: 33,200 million yen in net sales, 2,730 million yen in operating income, 11.1% in ROE)

Trends in financial results

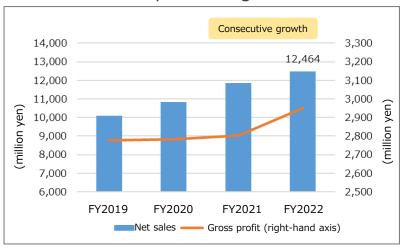


- Financial results
 - Net sales, operating income and ROE all fell due to the impact of COVID-19 in FY2021.
 - Earnings recovered in FY2022.
- Medium-term business conditions
 - Net sales and income both remain in a growth trend.
 - ROE also remains solid, at the 10% level.

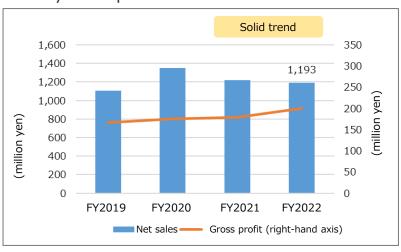
Financial results by segment



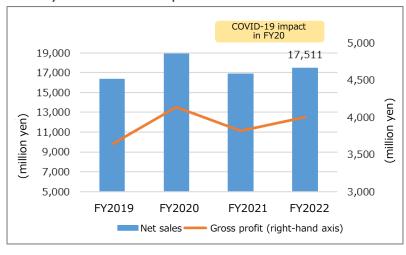
Information processing services



System product sales



System development services



(Information processing services)

Data center and cloud service use, as well as commissioned settlement at gas stations, are solid, and net sales have been on the rise for three fiscal years in a row. Gross profit is also solid. Progress has been made in reinforcing the stock business infrastructure.

(System development services)

In the fiscal year ended in March 2021, net sales fell due to the impact of COVID-19, but we took measures such as reviewing the system by industry type, and in FY2022, net sales and gross profit both recovered.

(System product sales)

Sales of POS equipment for gas stations and the sale of ancillary equipment for system development services and others made contributions, leading to solid results.



Themes

Business strategy

Commissioned settlement
Stock business

Cloud services
Stock business

DX solutions

Overview of initiatives

- Reinforced services aimed at oil wholesalers and trading companies as well as major dealerships
- Able to provide new services such as transactions between dealership SS, cashless services, and point usage
- Establishment of new company in merger with oil wholesaler (operational efficiency, raising digital human resources)
- Expansion of cloud service sales
- Expansion of cloud services, OEM, sales partners
- · Amplification of storage and back-up products
- Review of system by industry to promote customers' DX
- Expansion of product line-up
- Workstyle reforms, security service products, service analyzing data on three Cs (closed spaces, crowded places, close contact)

HR development

Data centers

Investment

strategy

Research and development

- Training for career building
- Various types of training (new employee training, training by year and for management positions, program to develop leaders
- Changes to HR system
- Capital investment
- Investment in cutting-edge technology (GPU cloud, high-performance storage, etc.)
- Investment in line with customer needs, investments in systematic upgrades
- Next-generation cloud platform development
- Use of satellite data through industry–academia collaboration, participation in a microsatellite demonstration project

General overview and issues



General overview

- Reinforce Information processing services (=stock business) based on data center and cloud services
- In addition to customers' use of data centers, augment facilities
- Review the system by industry in system development services, and strengthen the ability to identify customer issues and solve these issues; enhance service and technical abilities

Issues

- Further strengthen Information processing services as a foundation for growth, pursue as platform to promote DX for customers and society
- Deploy operational expertise as a service
- Reinforce ability to address higher costs
- Maintain investment strengths that match customer and society needs, and consider reinforcing facilities, including the establishment of new data centers
- Strengthen human resources

2

Initiatives in Medium-term Management Plan

(April 2022 - March 2025)

Numerical targets



(Unit: Million yen)

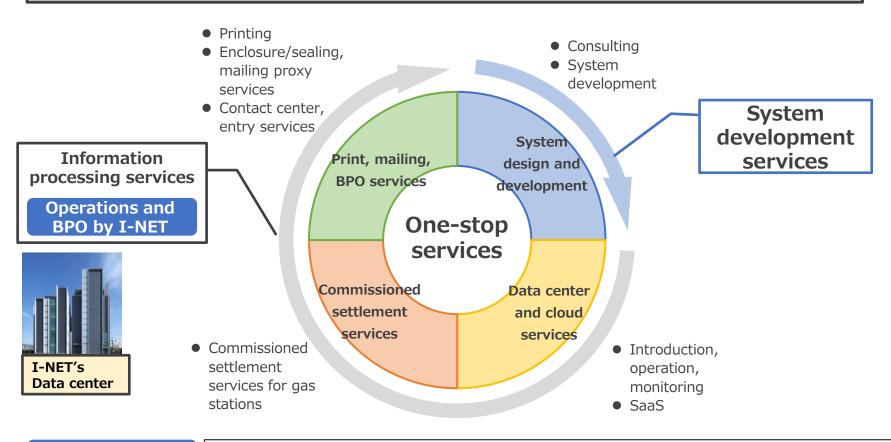
	FY2022 results	FY2025 target
Net sales	31,169	37,700
Operating income	2,367	3,200
Operating income rate	7.6%	8.5%
ROE	10.1%	10% or more

 While working to boost net sales and operating income, we aim to improve the operating income rate and ROE as well.

Service deployment model



One-stop services provided, covering everything from system development and data centers to cloud services, commissioned settlement and BPO



Operations and BPO by I-NET

Based on the expertise that we have built up at our data centers, we have accurately responded to customer needs for many years due to our thorough security and reliable operations that cover everything from data center services to BPO. I-NET does not keep this operational expertise to itself, but offers it as a service to customers.

Areas for particular reinforcement



Areas for particular reinforcement

Main initiatives

Related SDGs

Promotion of customer services and R&D for the DX and New Normal eras

- Spread and expansion of cloud services
- Measures limiting contact and preventing overcrowding
- Promotion of big data, AI, and IoT







Pursuit of co-creation and innovation and value creation

- · Establishment of SDGs Promotion Office
- Pursuit of projects in collaborations between industry, public and private sectors, and academia
- Pursuit of business activities through foundations and special subsidiary companies







Diversification and advancement of human resources, improved productivity

- · Employee skill development
- Diversity promotion
- Support with career development
- · Promotion of workstyle reforms











- Appropriate management of business portfolios in the service deployment model, improved corporate value
- Promotion of one-stop model through I-NET's own data centers
- Reinforcement of stock business





Information processing services

Data center and cloud services

 Pursuit of a broad range of services, from infrastructure management and system operations to business operations

- Full support for move to the cloud, tailored to customer
- Expansion of new services (security, storage, etc.)
- Energy-saving services provided with high-efficiency, low-powerconsumption server storage

Commissioned settlement services

- Strengthen pursuit of DX for oil wholesalers and trading firms (propose measures to improve operational efficiency, etc.)
- Expand services to major dealerships (regulation response, increased use of ASP)
- Expand customer base (increase services to SS, expand services to LPG industry)

Printing, mailing, and BPO services

- Promotion of consulting on better operational efficiency (hybrid of electronic and paper)
- Multifaceted services (collaboration with cooperating entities BPO, delivery services, etc.)
- Upgrade facilities to enhance quality and volume of operations, and run operations efficiently

System development services

- Strengthen services for financial institutions
- Reinforce deployment of services for sales management system and IoT platforms
- Strengthen cooperation in space and satellite business and I-NET's services

Information processing services

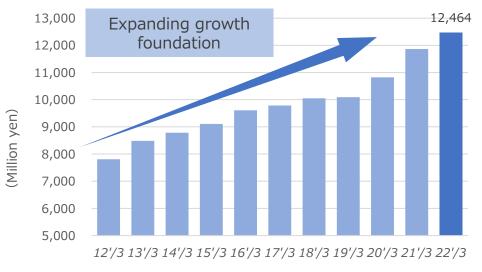


Service breakdown

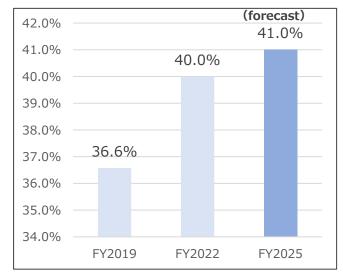
- Cloud services
- Data center services
- Commissioned settlement (gas stations)

- Printing, mailing
- BPO services





 Percentage of company's total net sales (consolidated)

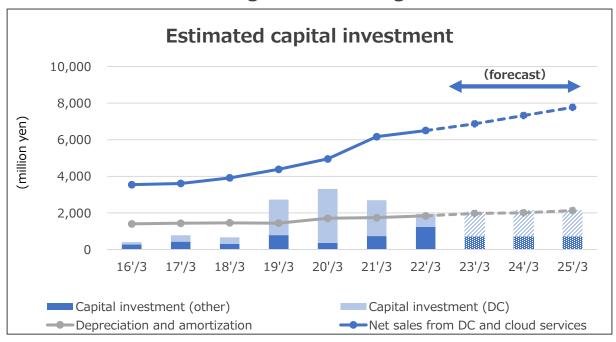


- A fixed amount posted to net sales each month
- Contracts carry on into the next fiscal year and beyond
- Stock business = information processing service
- **Growth foundation** with ongoing sales
- Increase in net sales and income per person

Capital investment



- Reinforce and make capital investments as social infrastructure, primarily the data centers that are the hub for our services.
- In FY2019-FY2021, in addition to customers' use of data centers, facilities were augmented.
- We will continue augmenting centers from fiscal 2022 as cloud services expand.
- We are considering establishing new data centers.







Reinforce human capital: Policies



Policies

With the belief that employees are the most important asset for management, we have established an equitable HR system that leads to higher motivation for employees in their work and that enables both the company and employees to grow. This will facilitate our aim to become a company that supports the enjoyment of life with information technology.

Expanded growth on the scale of earnings achieved with HR investment Targeting sustainable growth with a view to improving productivity and increasing number of employees

Measures to keep employees from Reinforcement of mid-career hires Proactive new graduate hiring Area: Scale of financial results employees Current conditions

DX employees, training

Health management

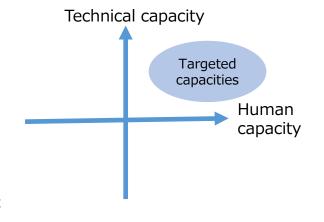
Career planning

Productivity Assigning right staff to right HR, and evaluation system position/assignments Employee satisfaction

Workstyle reforms Diversity

Ideal for IT staff

- · Cultivate technical capacity and human capacity that are trusted by customers
- All generations, from the young to the elderly, can perform well



Reinforce human capital: Related measures



HR training, development

Workstyle reforms

Diversity and inclusion

Health management

- •Train advanced DX staff (AI, data science, etc.)
- •Train young people early (new hire training with one year of support)
- •Provide opportunities for learning (joint research with industry, academia, university for older adults, e-learning)
- •Raise third-party assessments of technicians by encouraging them to earn certifications
- Encouragement to use telework
- •Review of office layout (no designated space in office, etc.)
- •DX shift for internal systems, paperless office, improvements to productivity
- Consider lifting ban on side jobs



(Updates to development hubs)

- Activities by Diversity Promotion Office
- •Continue to proactively hire female employees (40% of new hires are women)
- •Hire a diverse range of employees, such as foreign nationals and people with disabilities
- •Continue to earn Eruboshi and Kurumin certification
- Pro-active appointment of female managers
- Continue to reach a 100% uptake rate for regular healthcare visits
- Collaborate with the health insurance association to increase uptake rate for specific health guidance
- Continue to hold sports competition and support for after-school activities
- Continue earning White 500



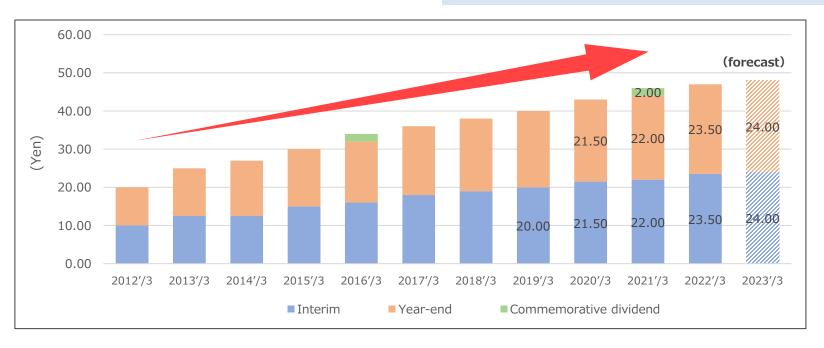
(Eruboshi)

Dividend policy



We aim to continue increasing dividends while retaining earnings to prepare for future capital demand and growth investment.

- Dividends paid (FY2011–FY2021)
- Dividends increased for 11 straight fiscal years (forecasted)
- 2 yen dividend to commemorate 45th anniversary of founding in FY2015 and to commemorate 50th anniversary in FY2020



Enjoy your life with information technology!



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<Inquiries>

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visit our website

Overview of Company



As of April 1, 2022

Company 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: 1,752 (consolidated) 1,015 (non-consolidated)

Offices, branches and data centers
 Tokyo office, Sapporo branch, Sendai branch, Chubu branch, Osaka branch,
 Chu-Sikoku Branch, Fukuoka branch, No. 1 Data Center, No. 2 Data Center



Overview of Company





As of April 1, 2022 Net sales as of FY2022

Net sales: 22,595 million yen

Employees: 1,015

Wholly owned consolidated subsidiary

ift IST-Software Co., Ltd.

Business: System development services

Net sales: 6,790 million yen

Employees: 486

Wholly owned consolidated subsidiary



Software Control Co., Ltd.

Business: System development services

Net sales: 2,213 million yen

Employees: 251

Consolidated Net sales : 31,169 million yen Consolidated employees : 1,752

> 100% nonconsolidated special subsidiary company

I-NET DATA SERVICE CORP.

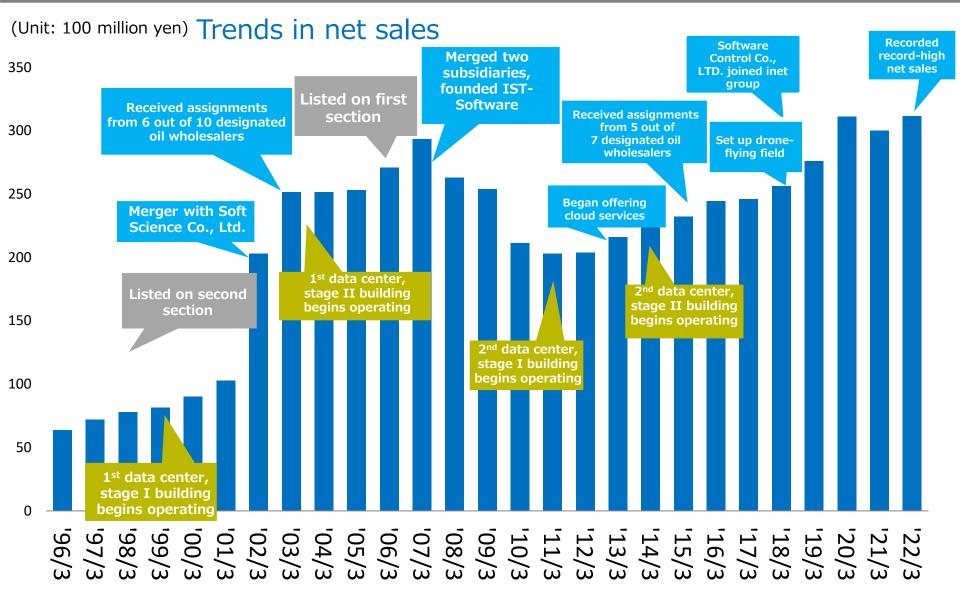
Business: Office work services

Net sales: 71 million yen

Employees: 23

History





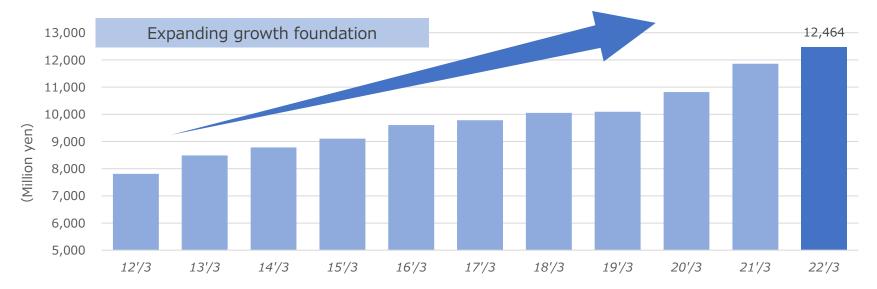
Information processing services: Stock business



Service breakdown

- Cloud services
- Data center services
- Commissioned settlement (gas stations)
- Printing, mailing
- BPO services

Trends in net sales of the past 10 years



- A fixed amount posted to net sales each month
- Contracts carry on into the **next fiscal year and beyond**
- Stock business = information processing service
- **Growth foundation** with ongoing sales
- Increase in net sales and income per person

Information processing: Data center and cloud services

Hokkaido

Nagano

Osaka

(1 building)

(1 building)

(1 building)











File sharing



Business chat

Cloud services



Cloud infrastructure

名刺バンク2

Business card management



No. 1 Data Center (Yokohama)

Total floor area of approximately 9,000 m



Yokohama

(four buildings)

Total floor area of approximately

Information processing: Commissioned calculation for gas station



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 approximately 30% of all SS based on over 50 years of results

Designated as a processing agent by wholesalers and trading firms

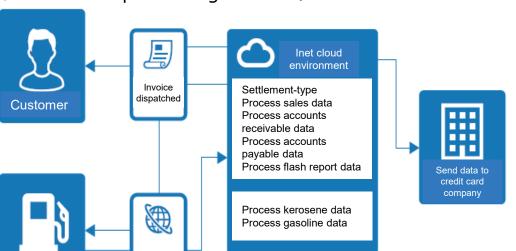
We provide account / credit processing systems for SS affiliated with oil wholesalers (ENEOS, Idemitsu Showa Shell, Kygnus Sekiyu, Taiyo Oil) and trading companies (Itochu Enex, Mitsubishi Corporation Energy, Marubeni Energy, San-Ai Oil)

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)

Internet



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

Expanding stock business

- Developed public-sector card system
- Service for propane gas business
- ·inet Hikari

System development services



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 estate



Railways and transportation infrastructure



Medicine

System development services (Example)



We provide a wide variety of proposals tailored to our customers' needs, as well as support that will reduce their costs and drive new growth.



Distribution industry: Higher operational efficiency and lower costs



Food manufacturing industry: Operational consolidation, visualization



Construction industry: 3D simulator



Communications industry: Modernization