



**Supplementary
Briefing Materials
for Financial Results**

**Third Quarter of the
Fiscal Year Ending March 2024**

**I-NET Corp.
[TSE, Prime Market: 9600]**

January 31, 2024

Earnings summary



Net sales	YoY change	
28,213 million yen	+2,692 million yen	+10.6%
Operating income	YoY change	
2,233 million yen	+880 million yen	+65.1%
Net income attributable to owners of parent	YoY change	
1,501 million yen	+650 million yen	+76.5%

Net sales recorded a significant year-on-year increase.

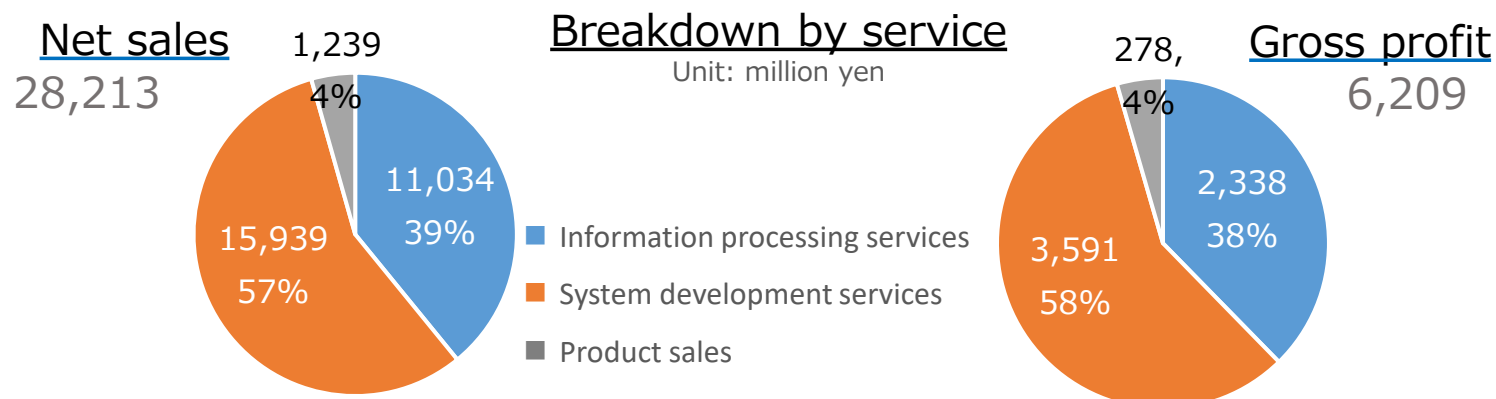
- Sales were strong in both the Information Processing Service and System Development Service. In both segments, the Company focused on selling services at fair per-unit prices which resulted in a rise in sales.
- In the Information Processing Service, sales were strong in the data center and cloud service, rising 13% year on year. Sales in the mailing service surged 19% year on year

Operating income increased approximately 160% year on year

- The main factors for the rise in operating income were cost cutting, improved profitability, and a reduction in SG&A expenses.
- The Company significantly improved profitability by reducing costs for services in the Information Processing Service and raising the unit prices of orders received in the System Development Service.
- The sharp rises in electricity prices, a major challenge in the previous fiscal year, began to ease, and the issue of higher costs was receding. The Company upgraded its air-conditioning equipment, which resulted in improved efficiency.

Net income attributable to owners of parent rose approximately 170% year on year

- Net income attributable to owners of parent increased a very substantial 76.5% year on year, chiefly due to a significant rise in operating income and the absence of any significant year-on-year changes in non-operating income/expenses or extraordinary income/loss



Note: Amounts are rounded down to the nearest million yen, and the rate of year-on-year change is rounded to the first decimal place.

Earnings in Q3 FY3/2024

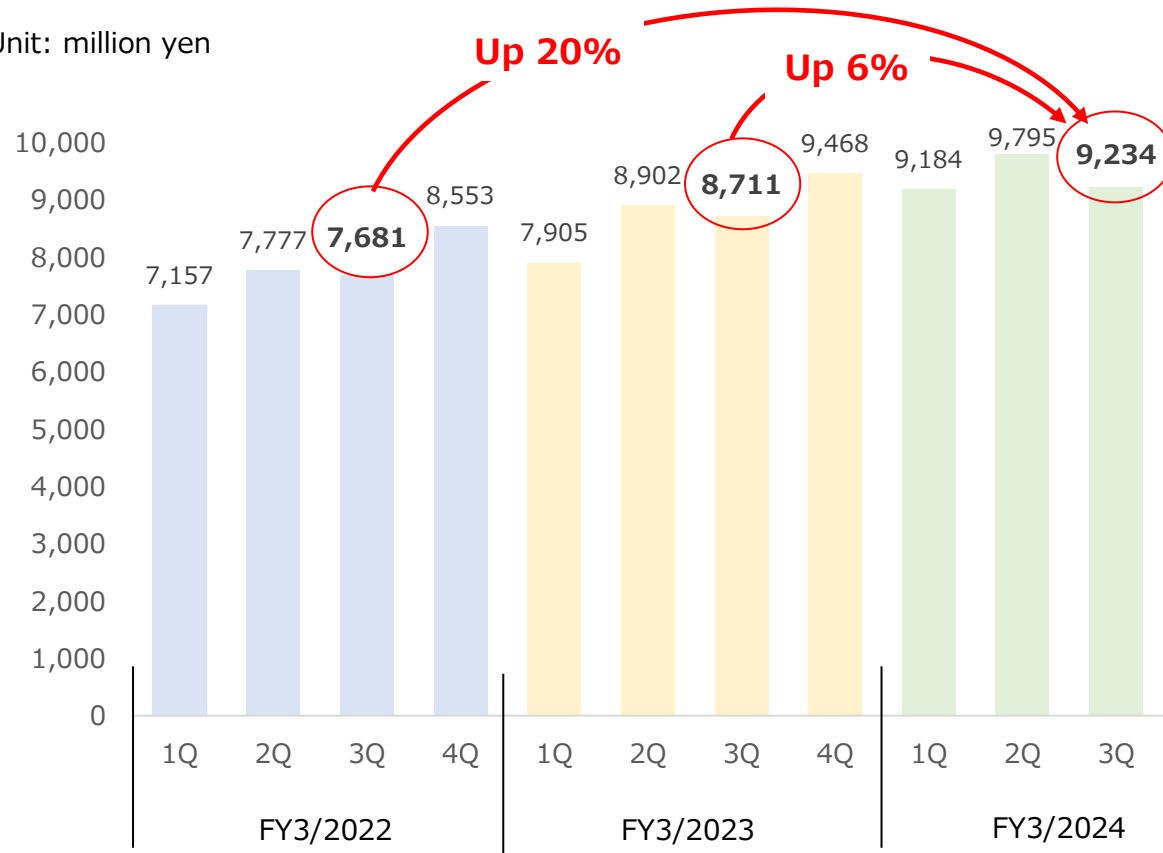
Unit: million yen	Q3 FY3/2023		Q3 FY3/2024		YoY change		Relative to forecasts
	Amount	Relative to sales	Amount	Relative to sales	Change	Rate of Change	Released on May 9, 2023
							% achieved
Net sales	25,520	100.0%	28,213	100.0%	2,692	10.6%	74.8%
Cost of sales	20,382	79.9%	22,004	78.0%	1,621	8.0%	--
Gross profit	5,137	20.1%	6,209	22.0%	1,071	20.9%	--
Selling, general and administrative expenses	3,785	14.8%	3,975	14.1%	190	5.0%	--
Operating income	1,352	5.3%	2,233	7.9%	880	65.1%	81.2%
Ordinary income	1,386	5.4%	2,291	8.1%	904	65.2%	79.0%
Net income attributable to owners of parent	850	3.3%	1,501	5.3%	650	76.5%	74.3%

Note: Amounts are rounded down to the nearest million yen, and the share relative to sales, rate of change, and percent achieved are rounded to the first decimal place.

Summary of quarterly earnings

Net sales (Quarterly)

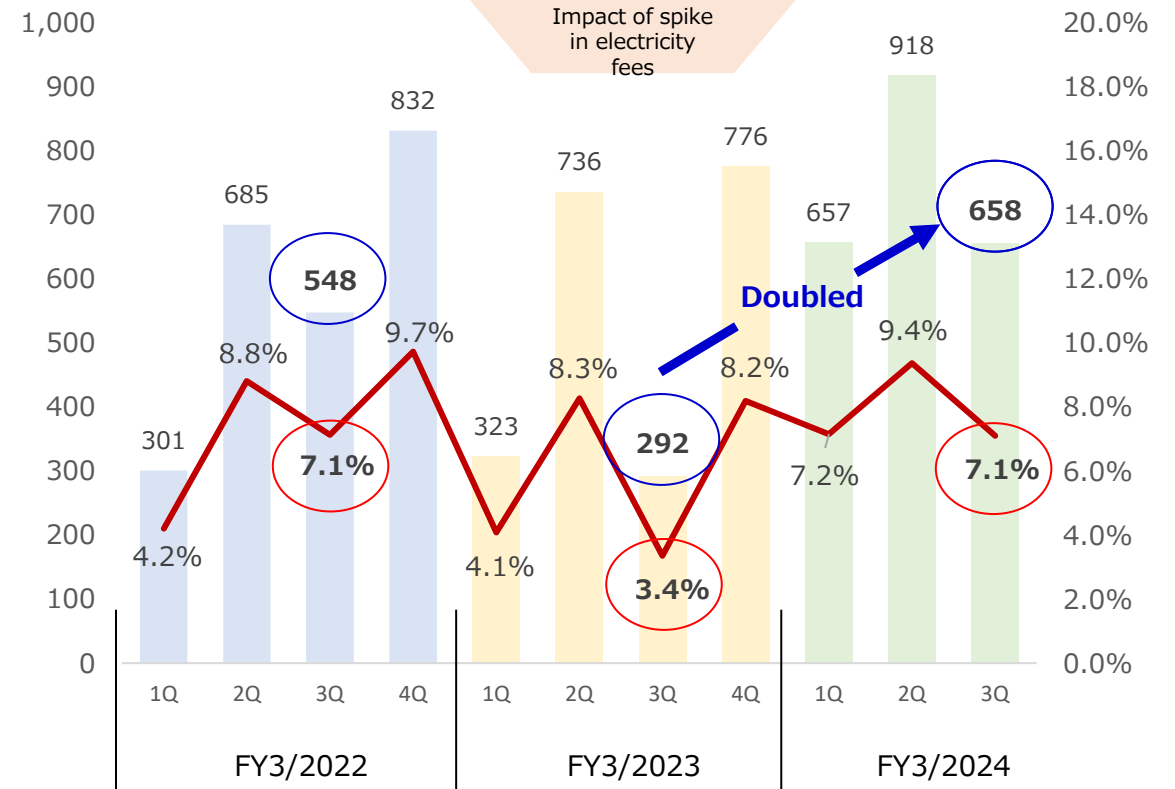
Unit: million yen



Operating income (Quarterly)

The red line shows the operating income rate

Unit: million yen



Q3 FY2024: Net sales rose and operating income doubled year on year

- Net sales rose 6% year on year, achieving a 20% increase from the same period two years ago.
- Operating income doubled year on year, and the operating income rate improved to 7.1%, on a par with the same period two years ago.

Note: Amounts are rounded down to the nearest million yen, and the rate of year-on-year change is rounded to the first decimal place.

Summary of consolidated balance sheet

End of March 2023

End of December 2023
(Q3 FY3/2024)

Unit: million yen

Unit: million yen

<p>Current assets 10,246</p> <p>Cash and deposits 2,310 Accounts receivable 7,287</p>	<p>Total liabilities 15,048</p> <p>Current liabilities 9,294 Non-current liabilities 5,753</p> <p>Interest-bearing liabilities Short-term 3,138 Long-term 5,367</p>
<p>Non-current assets 22,384</p> <p>Buildings and structures 10,362 Land 2,966 Intangible fixed assets 2,093 Investment securities 3,566</p>	<p>Net assets 17,582</p>

<p>Current assets 11,662 (YoY +1,416)</p> <p>Cash and deposits 4,124 Accounts receivable 6,649</p>	<p>Total liabilities 16,331 (YoY +1,283)</p> <p>Current liabilities 12,155 Non-current liabilities 4,176</p> <p>Interest-bearing liabilities Short-term 4,852 Long-term 5,434</p>
<p>Non-current assets 23,357 (YoY +973)</p> <p>Buildings and structures 10,169 Land 2,959 Intangible fixed assets 2,338 Investment securities 4,555</p>	<p>Net assets 18,688 (YoY +1,106)</p>

Total assets: 32,630;
Shareholders' equity ratio: 53.9%

Total assets: 35,019;
Shareholders' equity ratio: 53.4%

Note: Amounts are rounded down to the nearest million yen and shareholders' equity ratios are rounded to the first decimal place.

Information processing services

Data center and cloud services

- ✓ Company's own cloud services
- ✓ Cloud services for companies (SaaS, etc.)
- ✓ Co-location services for companies

Commissioned calculation services

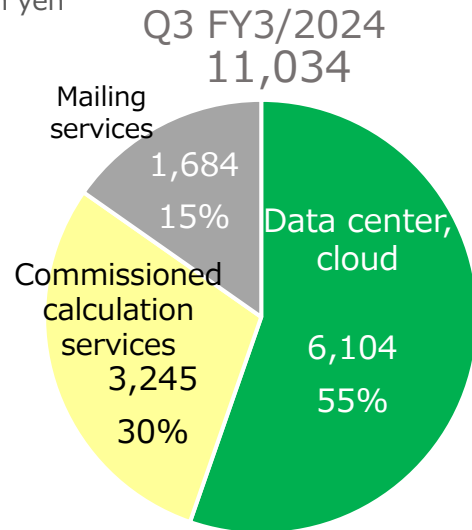
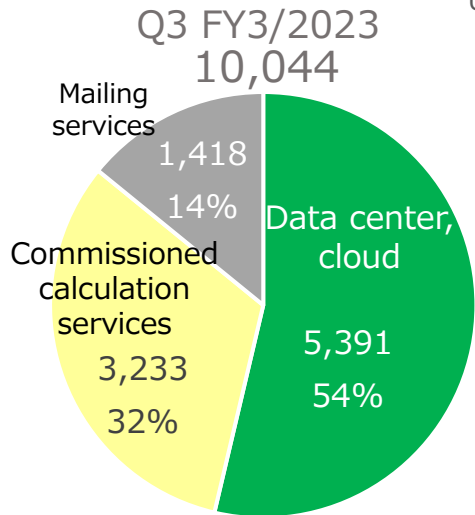
- ✓ Platform for sales management and fee settlement for SS (service stations) (share of over 30% in Japan)
- ✓ Platform for fee settlement compatible with smart meters for propane gas businesses (brand name: PROPANET)

Mailing services

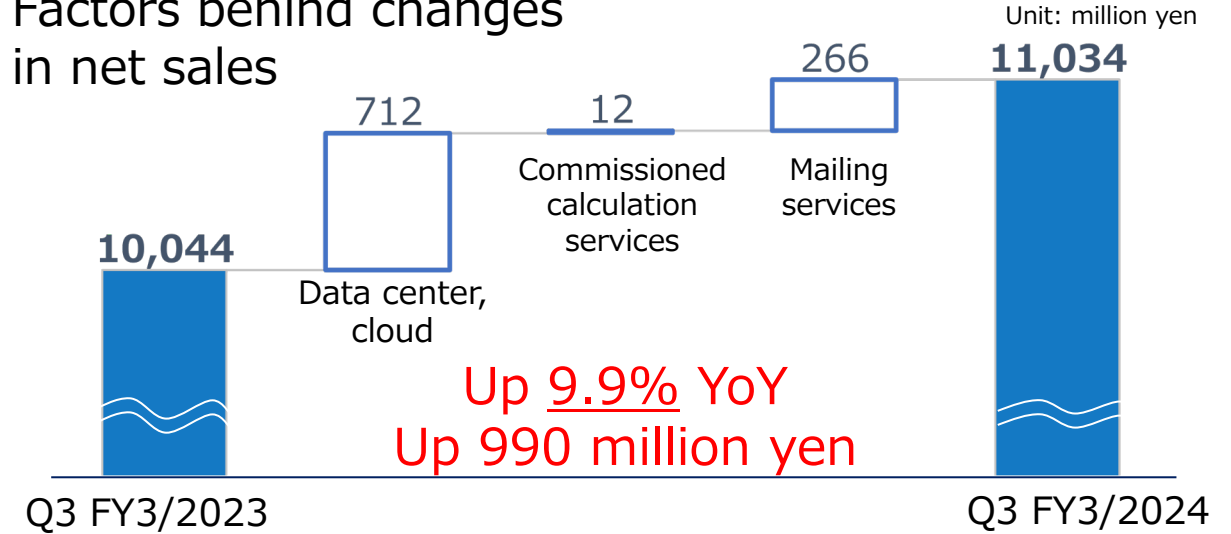
- ✓ Printing and mailing services for general corporations and government agencies
- ✓ Hybrid distribution service combining printed materials and e-mail

Net sales by service

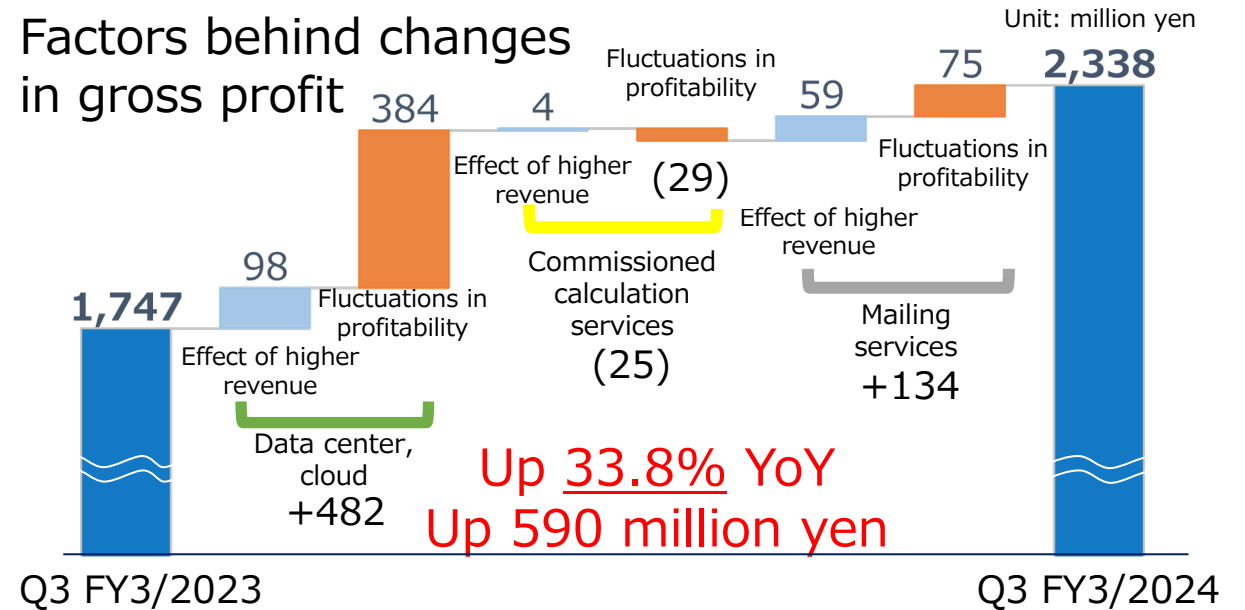
Unit: million yen



Factors behind changes in net sales



Factors behind changes in gross profit



Note: Amounts for net sales, gross profit and changes for each are rounded down to the nearest million yen. The rate of year-on-year change is rounded to the first decimal place. Totals, breakdowns and changes may not match due to rounding.

System development services

Commissioned development

- ✓ System for energy industry-related companies
- ✓ System for financial institutions
- ✓ System for transportation system-related companies
- ✓ Space-related systems (commissioned development, inspection / tests and operation / evaluation analysis)
- ✓ System for the distribution industry, general companies, and manufacturers
- ✓ security-related system
- ✓ System for communication businesses
- ✓ Embedded control related system

System product development

- ✓ Financial products (unsecured loan systems: Loan Ranger UC, costing systems for financial institutions: ABC Financial, etc.)
- ✓ Credit settlement systems (i-Gateway), settlement system linked to Pos, etc.
- ✓ Security-related (vulnerability diagnosis, Darktrace, etc.)
- ✓ DX-related products (systems to improve operational efficiency, RPA, etc.)

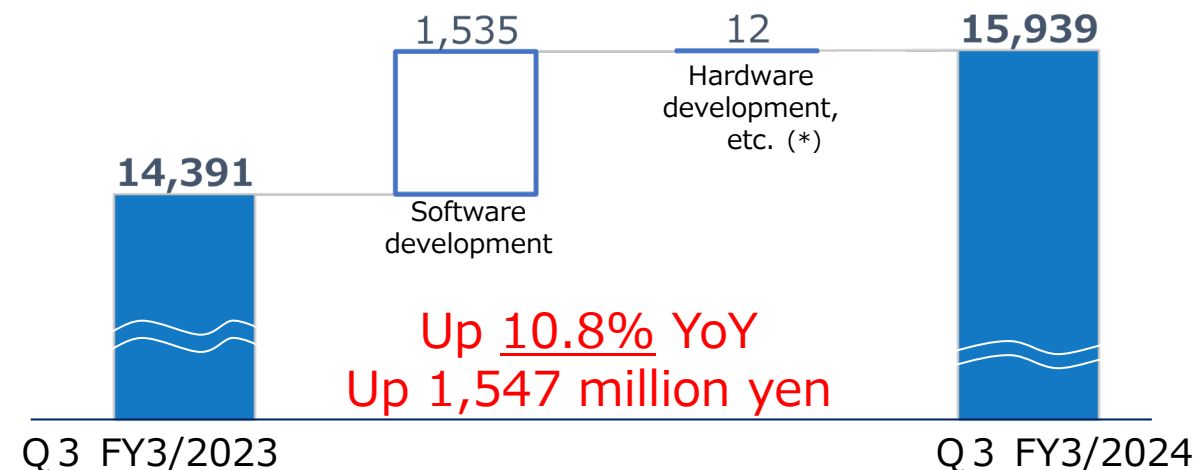
Net sales by service

Net sales (million yen)	Q3 FY3/2023	Q3 FY3/2024	Rate of change
Software development	12,998	14,533	11.8%
Hardware, etc.	1,393	1,405	0.9%

(*) Incidental to commissioned software development

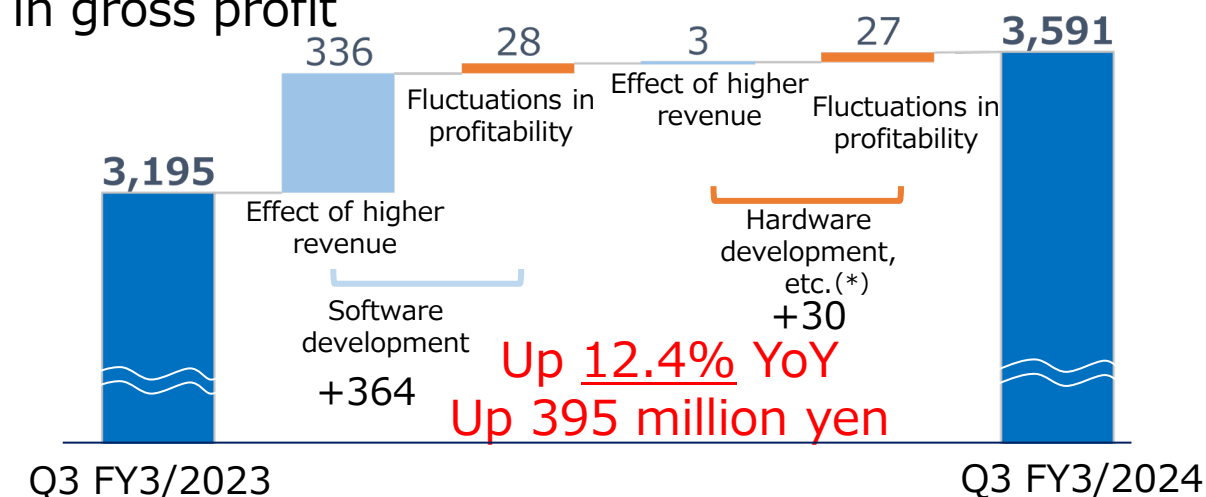
Factors behind changes in net sales

Unit: million yen



Factors behind changes in gross profit

Unit: million yen



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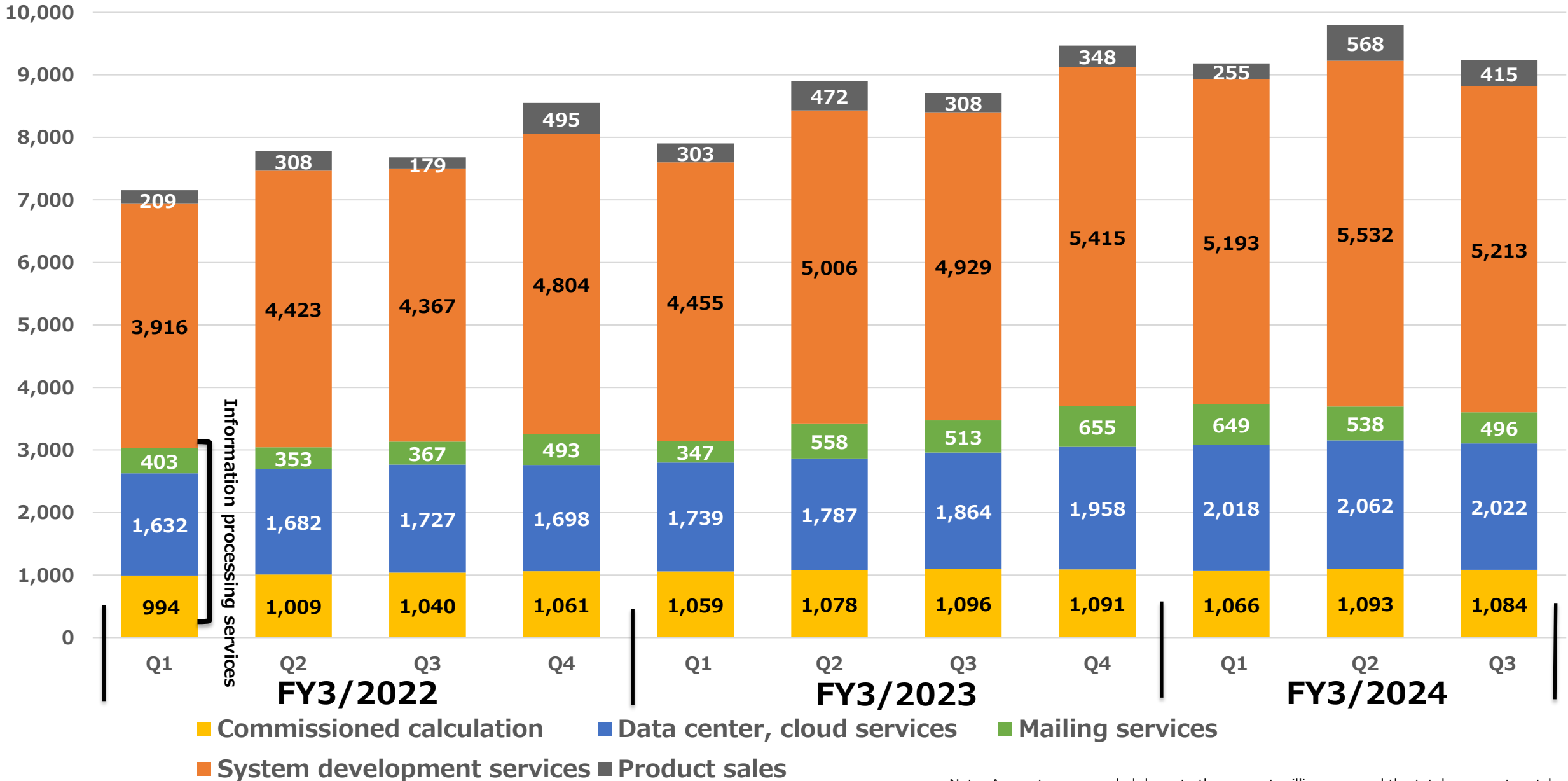
Earnings in Q3 FY3/2024 by service

Unit: million yen		Q1 FY3/2023		Q1 FY3/2024		YoY change	
		Amount	Profit rate	Amount	Profit rate	Change	Rate of change
Information processing services	Net sales	10,044	--	11,034	--	990	9.9%
	Gross profit	1,747	17.4%	2,338	↑ 21.2%	590	33.8%
System development services	Net sales	14,391	--	15,939	--	1,547	10.8%
	Gross profit	3,195	22.2%	3,591	↑ 22.5%	395	12.4%
Product sales	Net sales	1,084	--	1,239	--	155	14.3%
	Gross profit	193	17.9%	278	↑ 22.5%	84	43.8%
Total	Net sales	25,520	--	28,213	--	2,692	10.6%
	Gross profit	5,137	20.1%	6,209	↑ 22.0%	1,071	20.9%

Note: Amounts are rounded down to the nearest million yen, and profit rates and rates of change are rounded to the first decimal place.

Changes in quarterly net sales by service

Unit: million yen



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