



Briefing Materials for Financial Results

**First Half of the Fiscal Year
Ending March 2025**

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

November 14, 2024

Earnings Summary



Net Sales	(Unit: Million Yen)	
18,875	Change Compared to the same period last year	(103) (0.5%)
Operating Profit		
1,025		(549) (34.9%)
Net profit		
attributable to owners of parent		
1,005		(36) (3.5%)

Overview of Sales Revenue

The revenue slightly decreased compared to the same period last year, primarily due to the lack of growth in I-Net. However, in Q2, revenue increased by 155 million yen YoY to reach 9,949 million yen, marking a record high on a quarterly basis.

Operating profit decreased compared to the same period last year, impacted by weak performance in Q1. Q2 is in line with typical annual levels.

Net income for the period managed to remain on par with the same period last year, thanks to the recognition of a gain on the sale of marketable securities amounting to 634 million yen.

【Status by Service】

Commissioned Calculation Services

The information processing service for SS (Gas Station) is maintaining its current status. However, due to the heavy burden of depreciation costs from investments in proprietary core systems for SS, along with delays in reflecting these costs in sales prices, profitability has declined.

Data center and Cloud Services

The increase in sales is primarily due to price adjustments, mainly in response to higher costs associated with the price increase in the virtual infrastructure. Additionally, the acquisition of new projects progressed and contributed to revenue.

Mailing Service

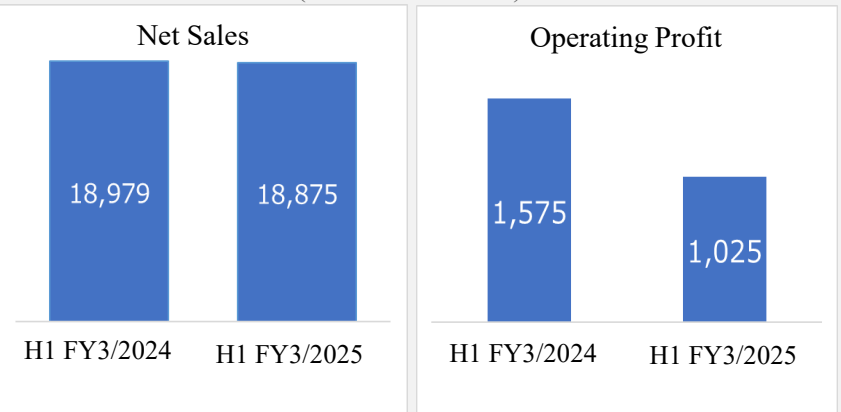
In Q2, orders progressed favorably, offsetting the decline in Q1. For the first half, revenue increased compared to the same period last year.

System Development Services

In Q1, system development for the financial industry, which had been underperforming, recovered, but system development for the distribution industry did not see similar growth. On the other hand, the space satellite development business progressed smoothly. Orders for in-house developed products for the financial industry are delayed, but we are hopeful for orders in the second half of the fiscal year.

Compared to the same period last year

(Unit: million Yen)



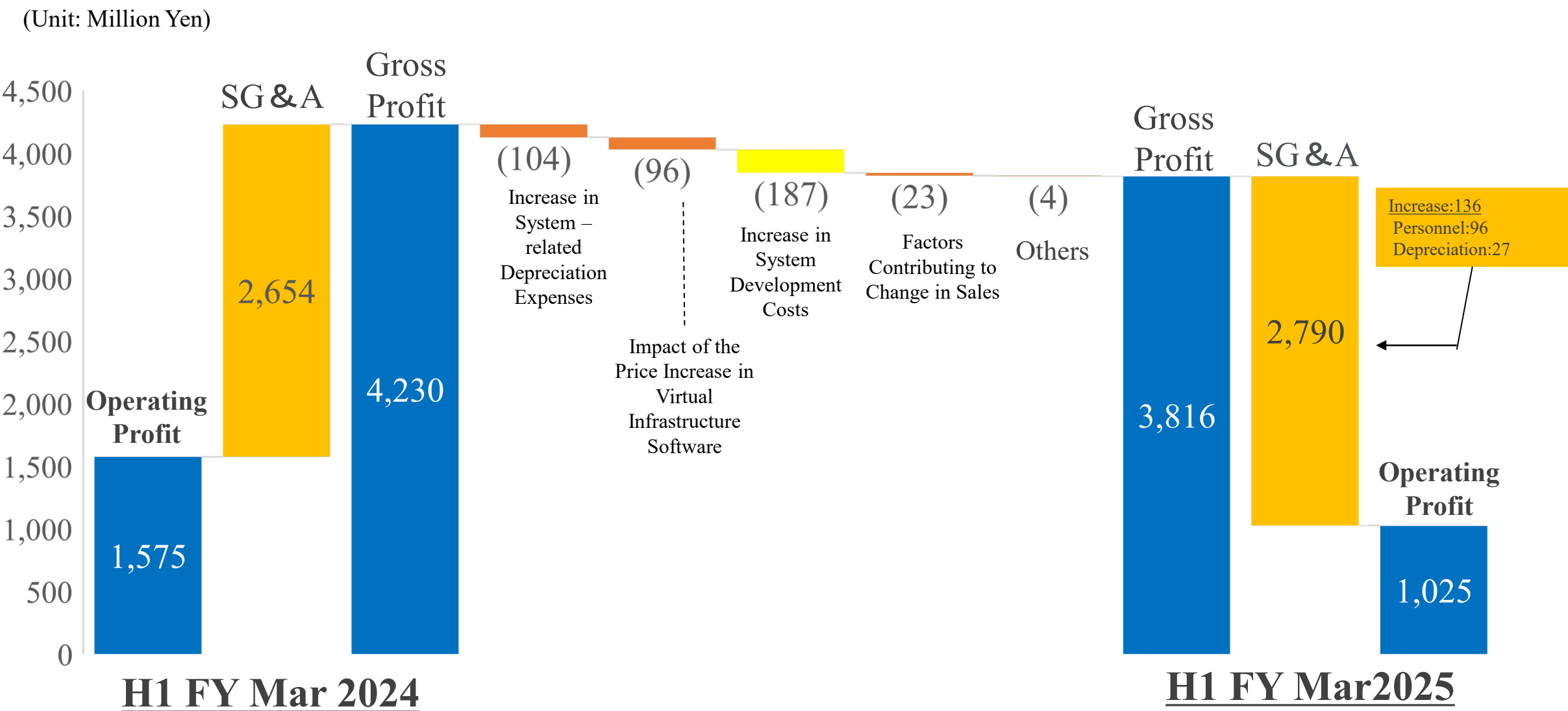
Progress compared to the Forecast

Unit: Million Yen	Forecast	Progress
Net Sales	40,420	46.7%
Operating Profit	3,250	31.5%

Note: Amounts are rounded down to the nearest million yen, and year-on-year changes are rounded to the second decimal place.

Analysis of Fluctuations in Operating Profit

Compared to the same period last year



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 H1 FY Mar 2025



Unit: Million Yen	H1 FY Mar 2024		H1 FY Mar 2025		Compared to the same period last year		Relative to Forecasts
	Amount	Relative to Sales	Amount	Relative to Sales	Change	Rate of Change	% achieved
Net Sales	18,979	100.0%	18,875	100.0%	(103)	(0.5%)	46.7%
Cost of Sales	14,749	77.7%	15,059	79.8%	309	2.1%	--
Gross Profit	4,230	22.3%	3,816	20.2%	(413)	(9.8%)	--
SG&A Expenses	2,654	14.0%	2,790	14.8%	136	5.1%	--
Operating Profit	1,575	8.3%	1,025	5.4%	(549)	(34.9%)	31.5%
Ordinary Profit	1,601	8.4%	1,020	5.4%	(581)	(36.3%)	31.6%
Net Income attributable to owners of parent	1,041	5.5%	1,005	5.3%	(36)	△3.5%	38.3%

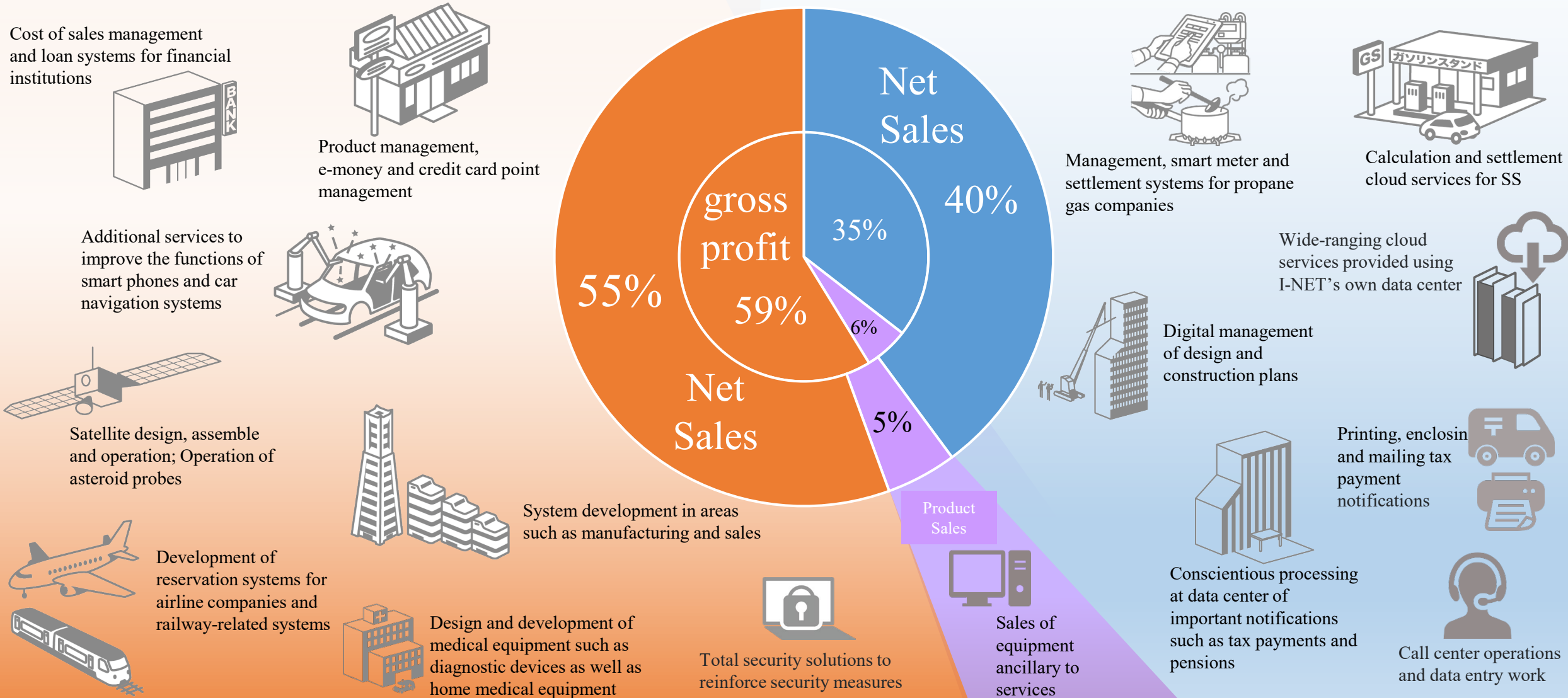
Note: Amounts are rounded down to the nearest million Yen, and relative to sales, rate of changes and % achieved are rounded to the first decimal place.

Sales by Service Category / Composition of gross profit

System development services

Information processing services

H1 FY3/2025



Earnings in H1 FY Mar 2025 by Service



Unit: Million Yen		H1 FY Mar 2024		H1 FY Mar 2025		Compared to the same period last year	
		Amount	Profit Margin	Amount	Profit Margin	Change	Rate of Change
Information Processing Services	Net Sales	7,430	--	7,525	--	94	1.3%
	Gross Profit	1,545	20.8%	1,354	18.0%	(191)	(12.4%)
System Development Services	Net Sales	10,725	--	10,486	--	(238)	(2.2%)
	Gross Profit	2,484	23.2%	2,242	21.4%	(241)	(9.7%)
Product Sales	Net Sales	823	--	863	--	39	4.8%
	Gross Profit	200	24.3%	219	25.4%	19	9.7%
Total	Net Sales	18,979	--	18,875	--	(103)	(0.5%)
	Gross Profit	4,230	22.3%	3,816	20.2%	(413)	(9.8%)

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

Information Processing Services



Data Center and Cloud Services

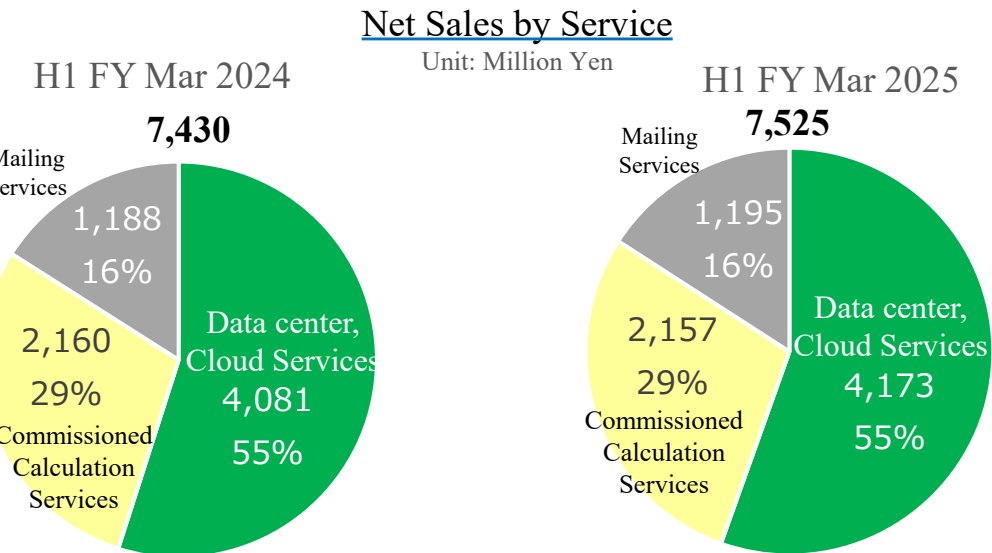
- ✓ Company's own cloud services
- ✓ Cloud services for companies (SaaS, etc.)
- ✓ Co-location services for companies

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)

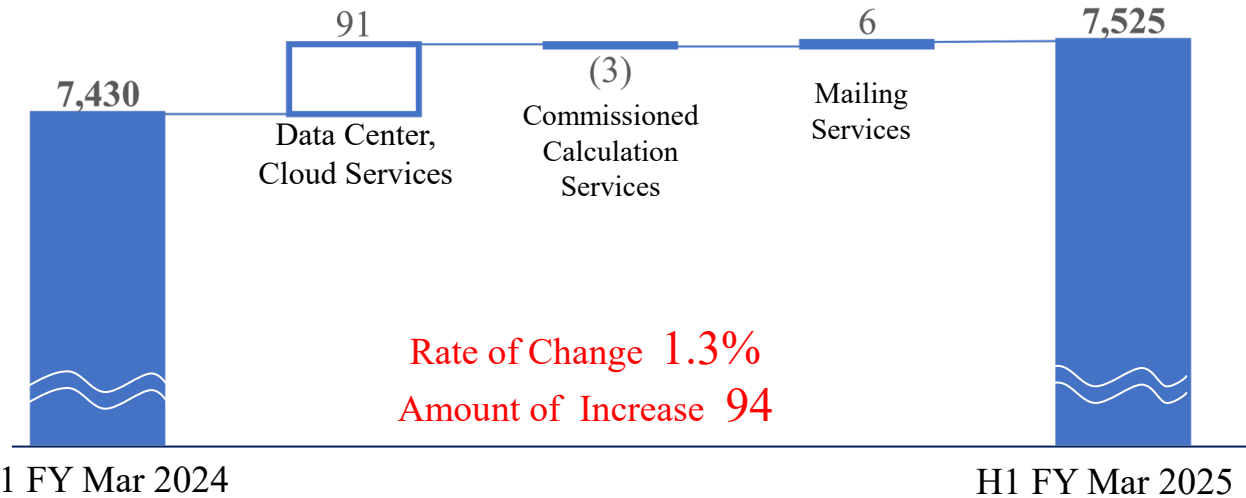
Mailing Services

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



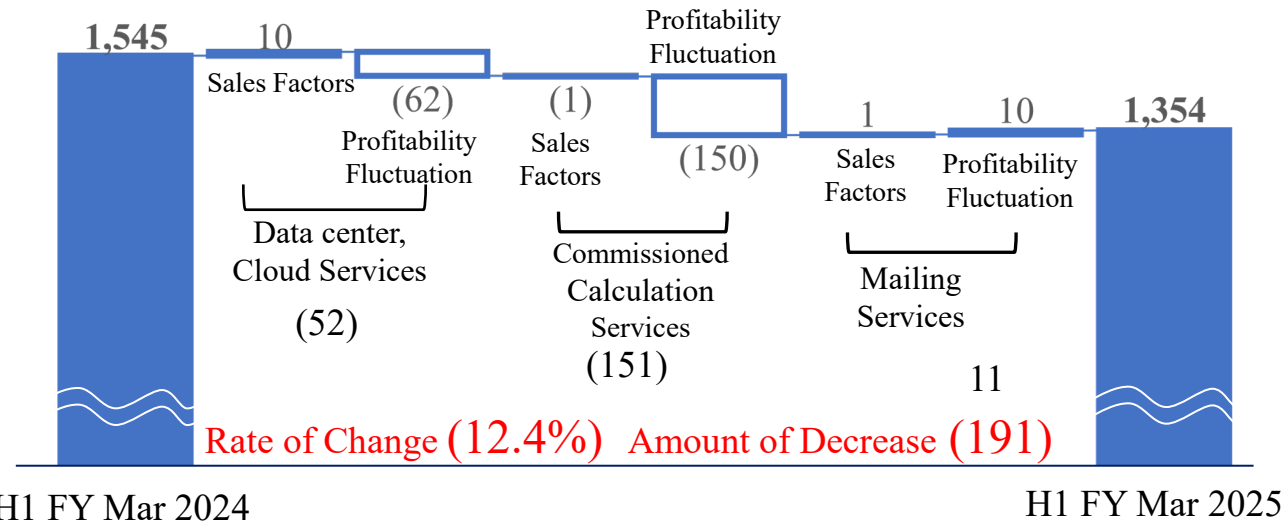
Factors behind changes in Net Sales

Unit: Million Yen



Factors behind changes in Gross Profit

Unit: Million Yen



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 development and contracts for energy industry-related companies
- ✓ System development and contracts for financial institutions
- ✓ System development and contracts for transportation system-related companies
- ✓ System development and contracts, inspections/tests, and operation/evaluation analysis for space-related companies
- ✓ System development and contracts for the distribution industry, general companies, and manufacturers
- ✓ Introduction, development, and contracts for security-related systems
- ✓ System development and contracts for communication businesses
- ✓ Embedded control system development and contracts

System Product Development

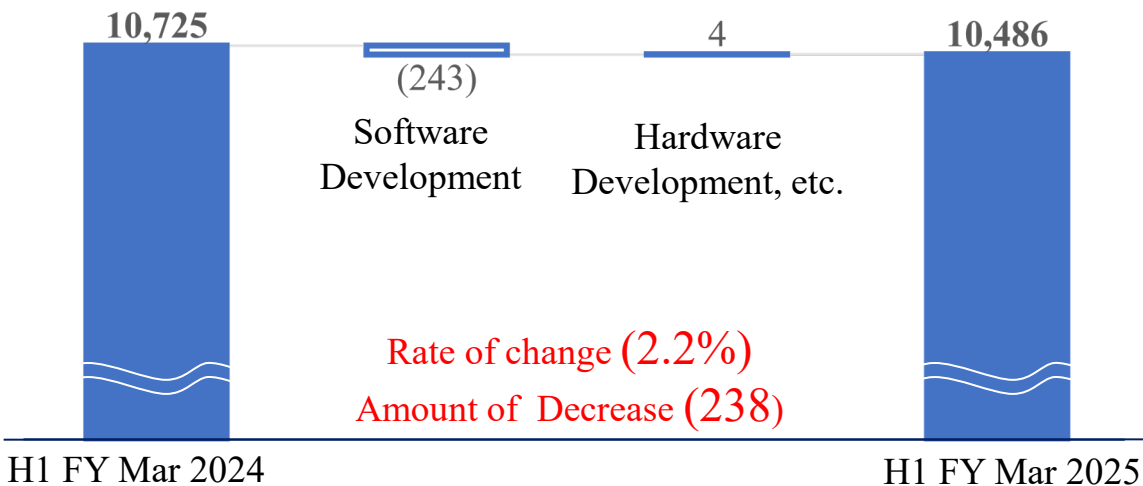
- ✓ Financial products (unsecured loan systems: LOAN RANGER® UC, costing systems for financial institutions: ABC Financial, etc.)
- ✓ Credit settlement systems (i-Gateway), settlement system linked to Pos, etc.
- ✓ Security-related (vulnerability diagnosis, Darktrace, etc.)
- ✓ DX-related products (systems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

Net Sales by Service

Unit: Million Yen	H1 FY Mar 2024	H1 FY Mar 2025	Rate of Change
Software Development	9,785	9,542	(2.5%)
Hardware Development, etc.	939	944	0.5%

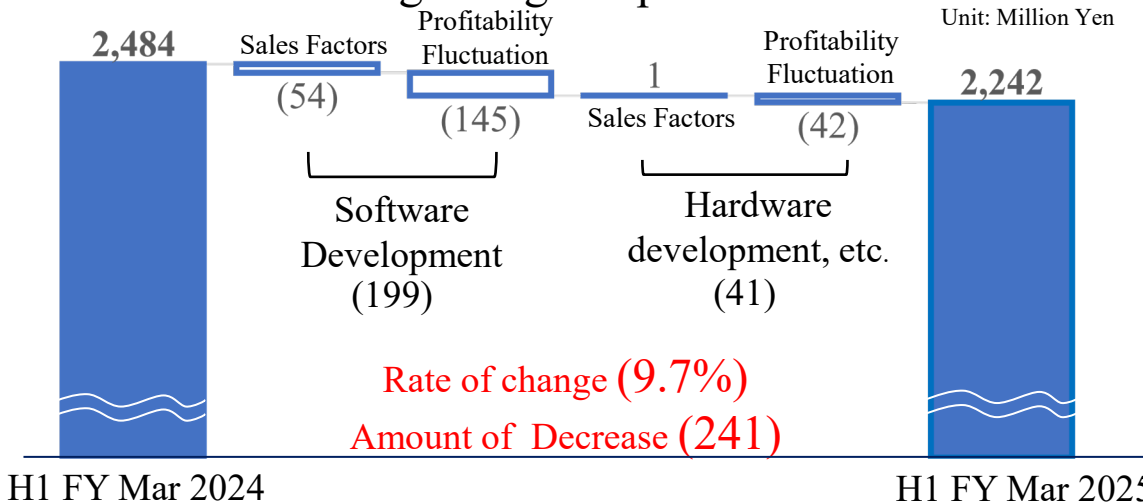
Factors behind changes in net sales

Unit: Million Yen



Factors behind changes in gross profit

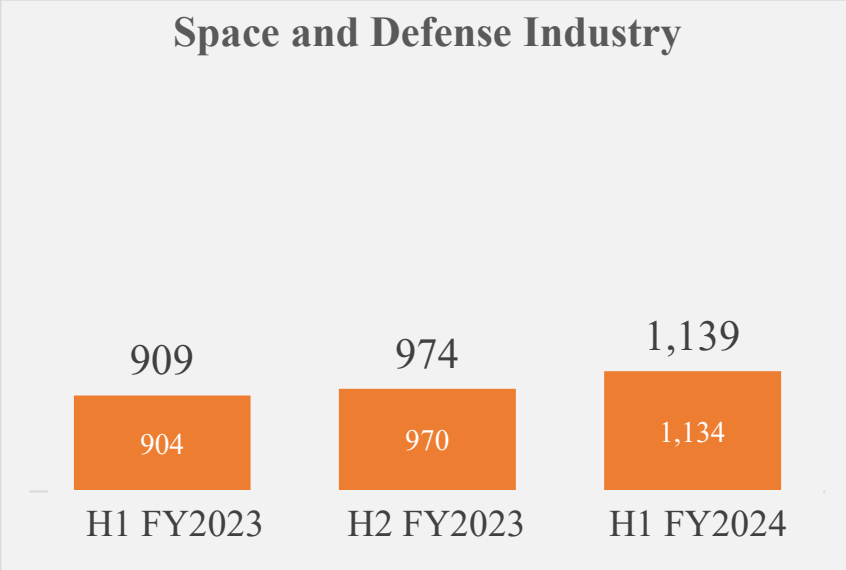
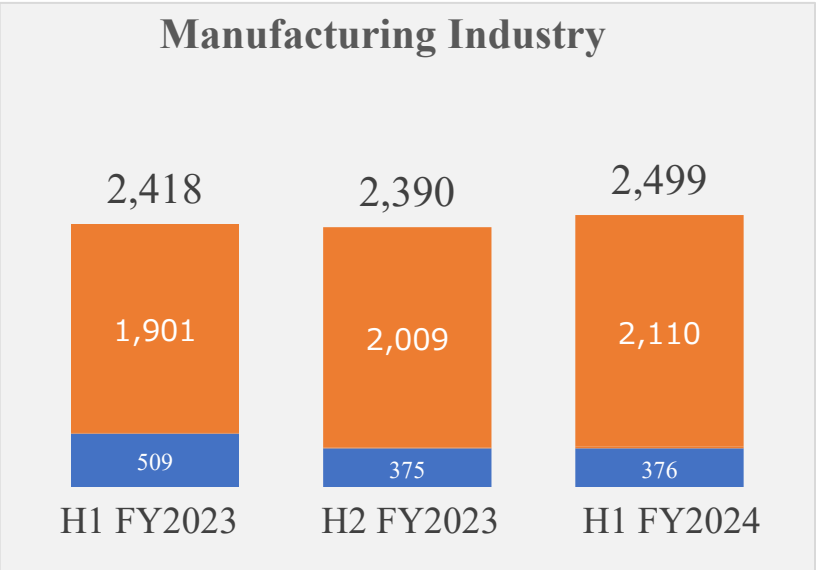
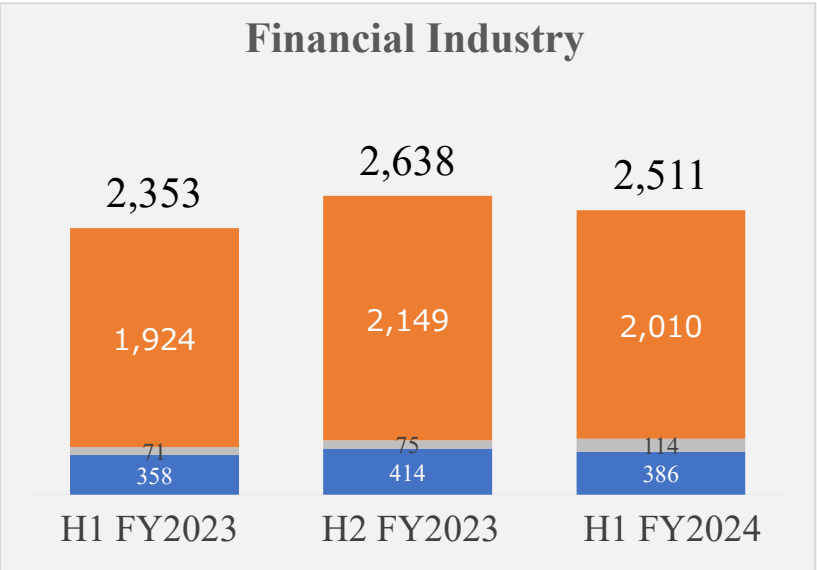
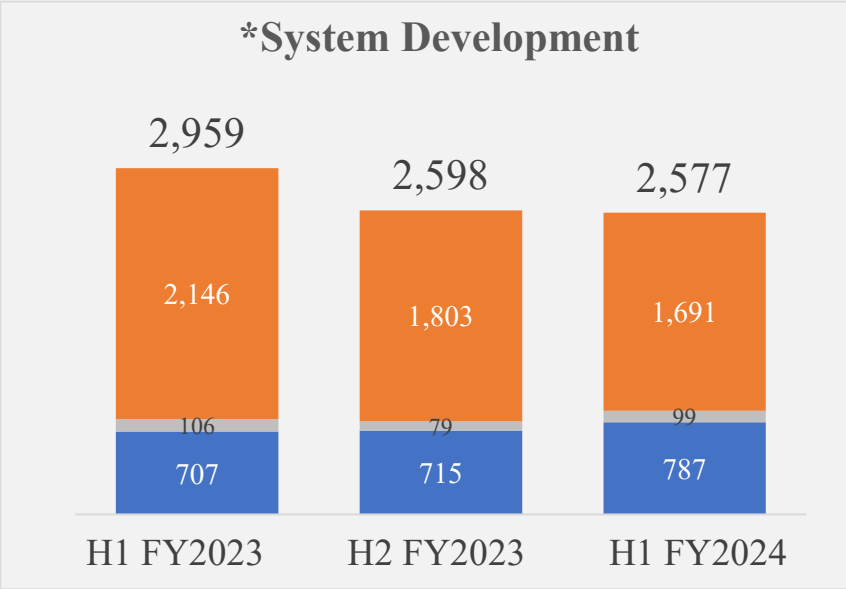
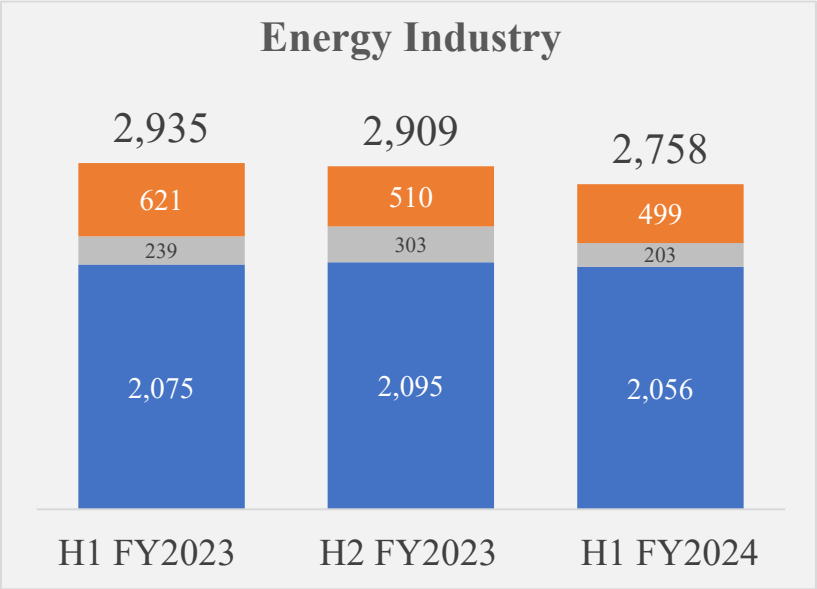
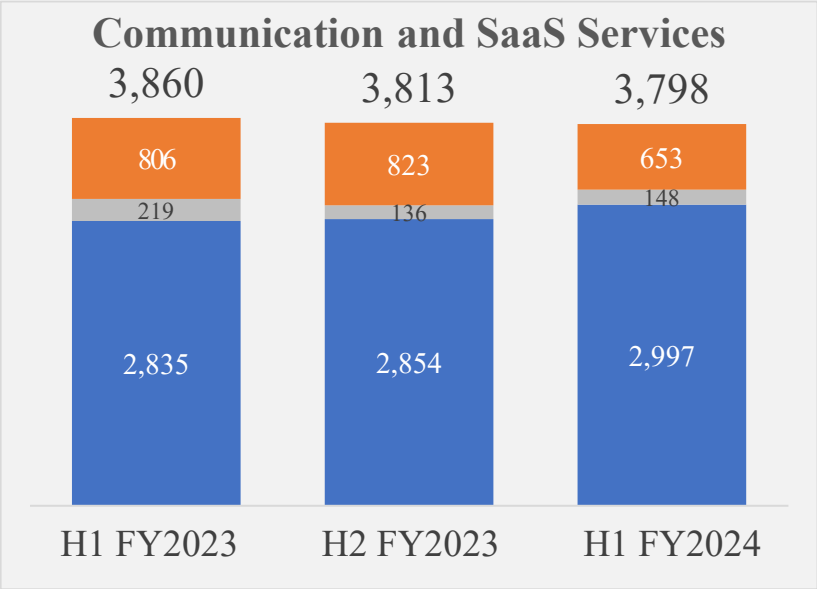
Unit: Million Yen



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Sales by main customer industry (reference data)

System Development
Information Processing
Product Sales
(Unit: Million Yen)



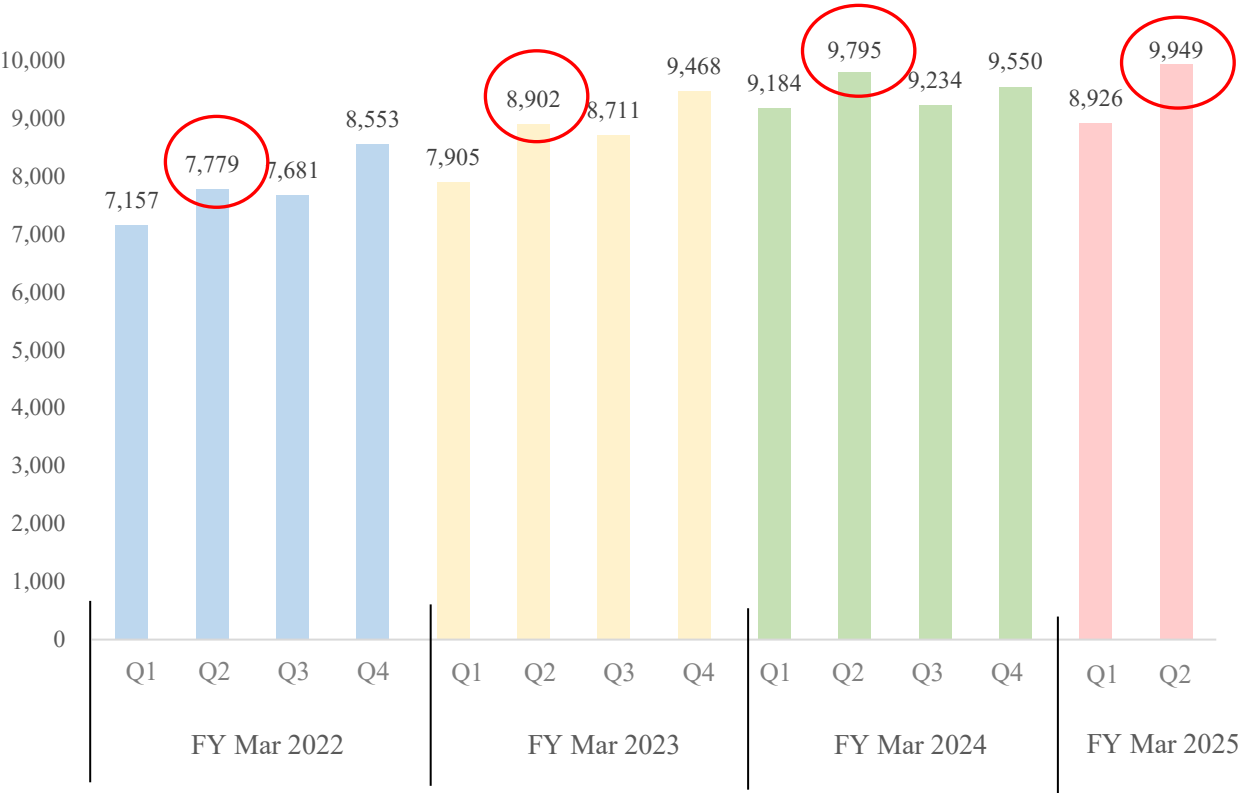
Note) This is unaudited. Determined based on the final customer base. However, [*System Development] includes the following distribution and industry types of end customers that were not distinguished by secondary contractors.

Amounts are rounded to the nearest million yen.

Summary of Quarterly Earnings

Net Sales (Quarterly)

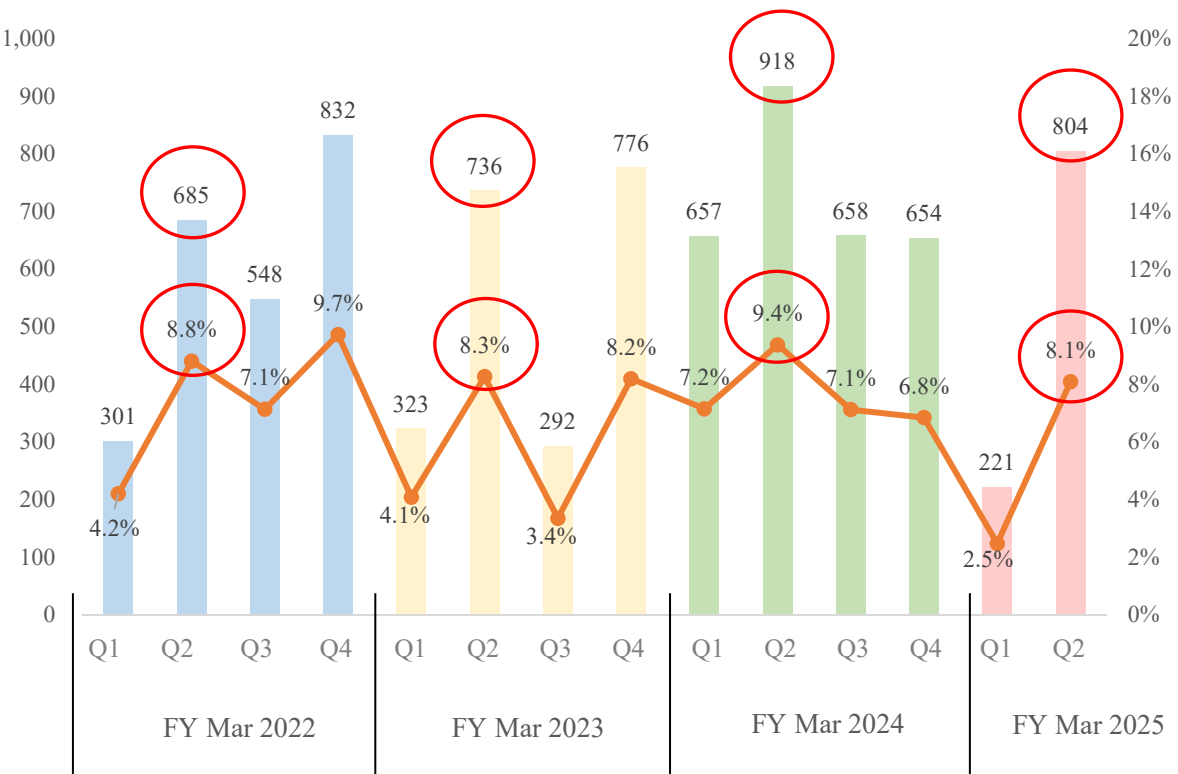
Unit: Million Yen



Operating Profit (Quarterly)

The red line shows the Operating Profit Margin

Unit: Million Yen

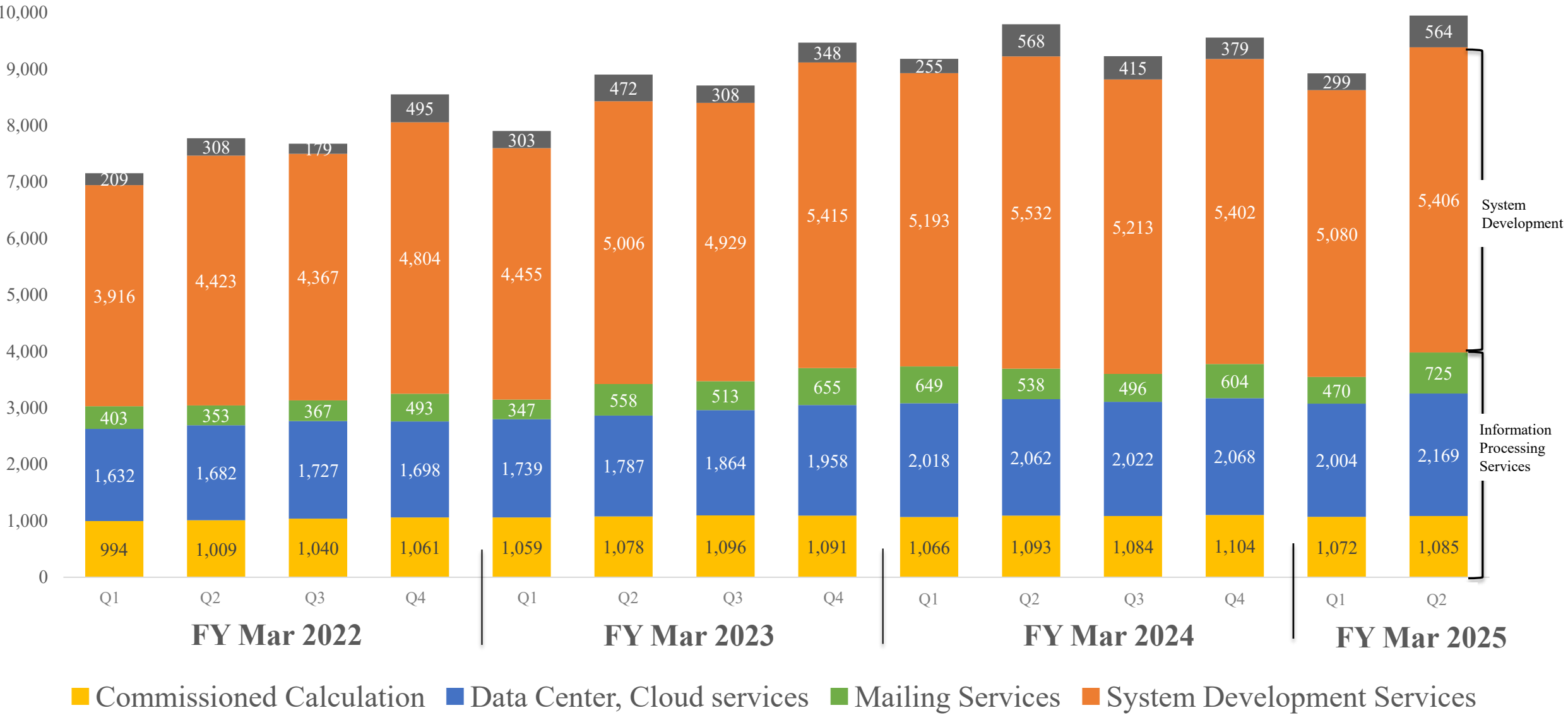


Note: Amounts are rounded down to the nearest million Yen, and the rate of year-on-year change is rounded to the first decimal place.

Changes in Quarterly Net Sales by Service



Unit: Million Yen



■ Commissioned Calculation ■ Data Center, Cloud services ■ Mailing Services ■ System Development Services

Note: Amounts are rounded down to the nearest million Yen, and the totals may not match.

Regarding the full-year Performance Outlook

For the first half, results recovered to the level of the same period last year, driven by increased revenue in Q2. Operating profit for Q2 is also in line with typical annual levels.

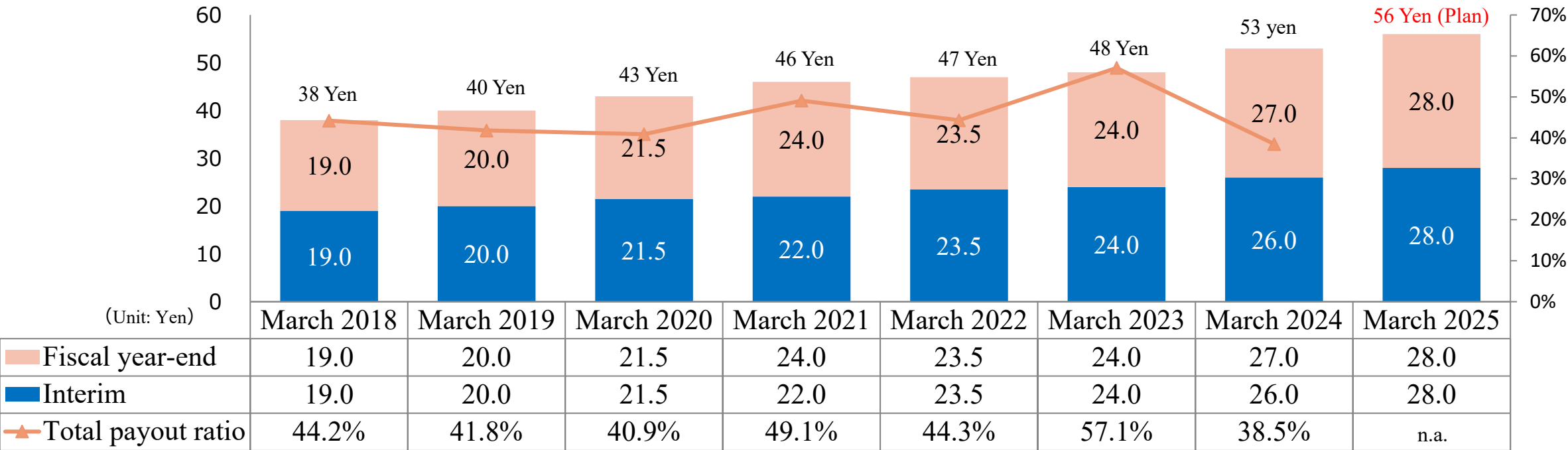
- The fact that first-half revenue did not increase year-over-year is within the initial expectations for the fiscal year. Considering the current inquiry situation, we judge that achieving the full-year sales target is feasible.
- Cost increases this fiscal year - stemming from the effective price rise in virtual infrastructure software for information processing services and increased depreciation of in-house systems - are being addressed through appropriate price adjustments and efforts to reduce data center costs, leading to improvements.
- In system development services, development projects for the financial sector that declined in Q1 have recovered. Although orders from the distribution sector remain challenging, we are strengthening orders from other industries, showing an improvement trend in the profitability of these services.
- The mailing service achieved an increase in order volume, recovering from the Q1 downturn caused by the loss of a large project, and orders for the second half are progressing favorably.

Dividends for first half of fiscal year ending March 2025:
28 Yen in dividends per share (Interim dividends)

Plans for annual dividends per share of 56 Yen, up 3 Yen YoY
Aiming for the 13th straight fiscal year of higher dividends

Shareholder Return Policy

Our aim is to have a total payout ratio of over 40%, to continue with stable dividends while retaining earnings to prepare for future capital needs.



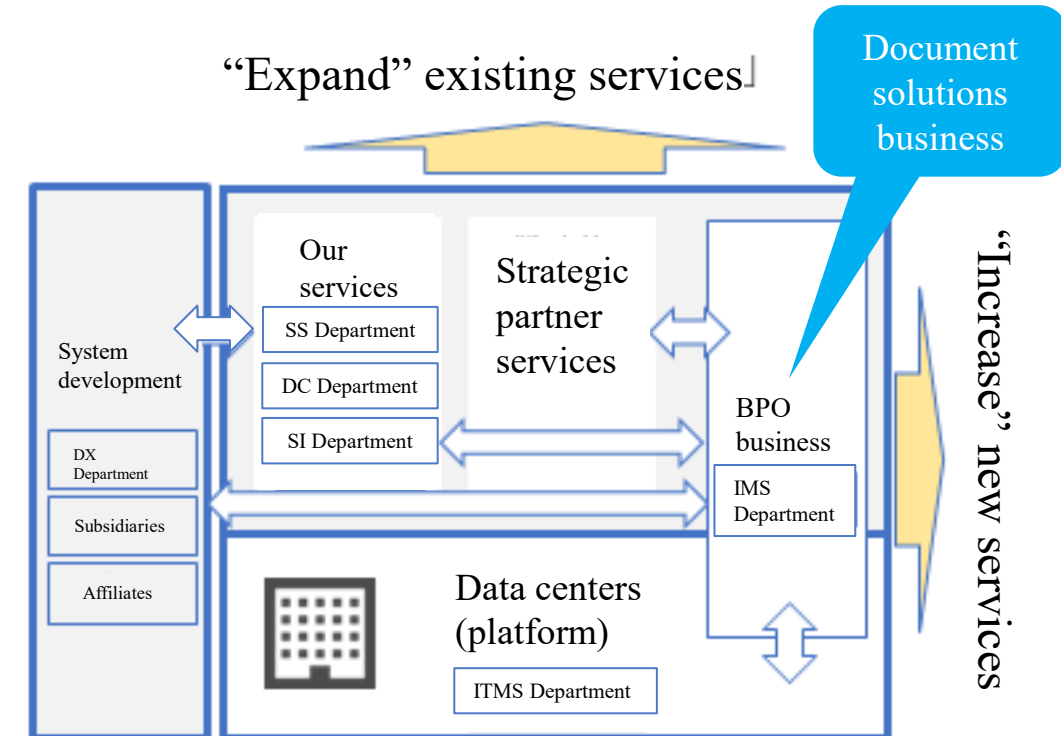
Topics

Partial Takeover of Business from Fujitsu Coworco Limited

On October 18, 2024, we decided to take over the document solutions business, which includes the printing, photocopying, binding and digitizing of various documents, operated by Fujitsu Coworco Limited. The transfer date of the business is scheduled for December 2, 2024.

- ✓ Fujitsu Coworco has industry-leading print-on-demand facilities and undertakes operations that support social infrastructure systems.
- ✓ I-NET is pursuing the “platform strategy” to grow by expanding and increasing the number of service partners on its business platform (data center) in line with the changing times.
- ✓ Fujitsu Coworco’s document solutions business has a high affinity with our BPO (mailing) services; we determined that it would lead to an expansion of our services, so we decided to take it over.

Conceptual Diagram of the Platform Strategy



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