

I-NET CORP.

Annual Report

FY2017

(April 1,2016- March 31,2017)

Greetings

We would like to sincerely thank you for your continuous support to I-NET CORP.

We are pleased to express our gratitude in greeting and take this opportunity to announce the 46th term IR Report.



Financial results for the current fiscal year ended 2017
(April 1, 2016 – March 31, 2017)

Net sales	24,617 mil.yen	Year-on-year term 100.7%	↗
Operating income	1,992 mil.yen	Year-on-year term 103.8%	↗
Current net profit attributable to owners of parent company	1,314 mil.yen	Year-on-year term 117.9%	↗

Report of the 46th term

Regarding the Japanese economy in the current consolidated fiscal year 2017, corporate profits and employment situations remained on a moderate recovery trend despite the instability in financial markets. On the other hand, overseas economy has persisted its unpredictable situation due to the effects including economic situation of emerging countries like China, Brexit and the birth of a new administration of the United States, etc.

In the data processing service industry where our company group is engaged in, corporate IT investment demand has been moving toward recovery despite concerns about the future of the domestic economy.

Among them, a keen interest has been attracted in IT investments for enhancement of competitiveness aiming for improvements of corporate sales expansion and customer service, such as widespread usage of cloud computing, promotion of IoT (Internet of Things), and enhanced usage of Big Data and AI, etc.

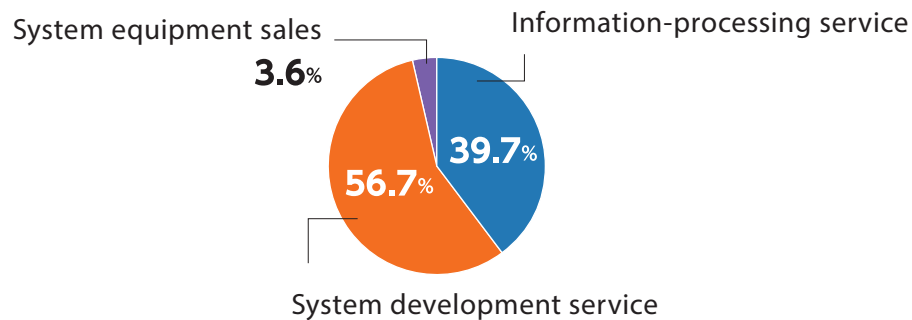
Under the circumstance, our company group has adequately fulfilled diversifying customer needs, and responded to demands of system development as well as has committed to an improvement of product appeal, such as data center and cloud service.

Consequently, we have achieved net sales of 24,617 mil. yen (100.7% year-on-year), operating income of 1,992 mil. yen (103.8% year-on-year), ordinary income of 1,939 mil. yen (105.5% year-on-year), and current net profit attributable to owners of parent company of 1,314 mil. yen (117.9% year-on-year).

With respect to dividend, we regard continuous stable dividend as a basic policy. In adherence with the policy, we have set annual dividend for the current fiscal year 36 yen per share.

We would like to express our deepest gratitude for further understanding and support from our valuable shareholders.

Net sales by service category



Information-processing service

Net sales	9,784 mil.yen
Composition of sales	39.7%
Year-on-year term	101.8%

System development service

Net sales	13,937 mil.yen
Composition of sales	56.7%
Year-on-year term	99.0%

System equipment sales

Net sales	895 mil.yen
Composition of sales	3.6%
Year-on-year term	120.1%

We aim to further increase our sales and surpass a record high profit by developing various kinds of services to customers in a broad variety of industries and business conditions.



Q How do you evaluate the financial results of the FY ended March, 2017?

A We achieved revenue growth for six consecutive terms and surpassed a record high profit with promotion of the business policy and the synergy effect of the entire group.

The financial results ended March, 2017 (46th term) have resulted in net sales of 24,600 mil. yen (107% year-on-year), operating income of 1,990 mil. yen (103.8% year-on-year), ordinary income of 1,930 mil. yen (105.5% year-on-year), and current net profit attributable to owners of parent company of 1,310 mil. yen (117.9% year-on-year), leading to growth in net sales for six consecutive terms and an consecutive update of the record high profit. Regarding current net profit, a rise for seven consecutive terms was recognized.

Factors of this performance improvement stem from steady progress in stock business, such as “data center business” and “cloud service” on which we have focused for the past few years, as well as “system development service” including for financial business despite large projects from the previous fiscal year have been stabilized. These accomplishments are ascribable to the synergy effect of the entire group, as

well as the apparent outcomes of “end-user-oriented*1” customer acquisition and “expansion of stock business*2” that are our business policies.

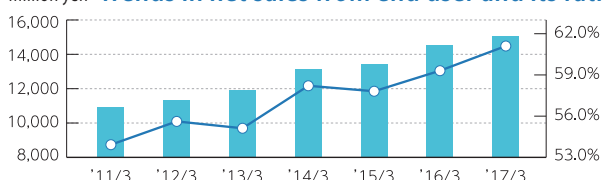
[Glossary of terms]

- *1 End user Refers to a direct contract with an end customer using systems, etc.
- *2 Stock business Refers to a business based on a continuing contract.
Refers to a data processing service in our company.

● End-user-oriented

- Build reliable relationships with customers who select us
- Achieve diverse transactions

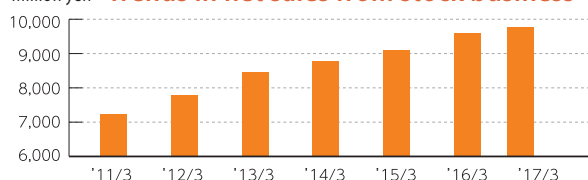
million yen Trends in net sales from end user and its ratio



● Expansion of stock business

- Secure continuous growth in sales and profit
- Increase profit per person

million yen Trends in net sales from stock business





Please tell us about “competencies” and “business models” of I-NET CORP. that support buoyant strong business performance.



Our competencies are that we can provide our customers in a broad industries and business conditions with various kinds of services with “one stop”.

The “competencies” of our company group are that we can provide various kinds of services related to IT with one stop in our customers’ broad industries and business conditions.

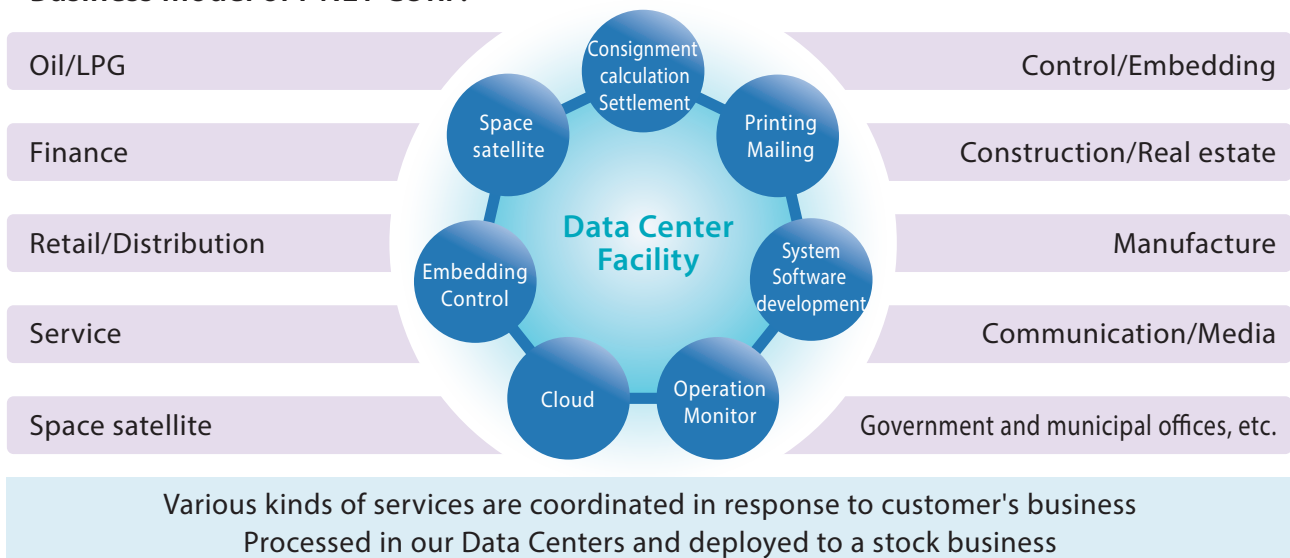
These include the capabilities that can provide not only system development, or specialty of data center alone, but also construction and operation of systems, and even diverse cloud services. Additionally, we are also engaged in printing of bills and each type of slip, as well as enclosing, sealing and shipping. We intend to distinguish ourselves from our competitors by providing services that involve from IT-related upstream to downstream as a comprehensive set, as well as high security level services.

Business of our company group makes use of data center where various kinds of business entities are organically coordinating and surrounding around, such as settlement business of SS (service station = gas stand) as a core business, printing/mailling, system development, and cloud service, etc. These business entities demonstrate the synergy effects not only by sales promotion with a single business entity, but also by cross selling between each business entity, whereas resource sharing of facilities, etc. is also performed. For example, there are some cases where full services are made available with which a loan system created by our company is kept in a data center, as well as issuing of cards are necessary for business, and printing and shipping of usage details and reminders. Due to our capability to provide data center and mailing service with one stop for the customers who handle a large amount of personal data, such as local governments and each kind of outsourcers, there are some cases in point where we received orders, creating a differentiation from our competitors.

In this manner, the convenience of the customers is enhanced by providing not only a single service in each business entity, but also services from multiple and multifaceted perspectives. Furthermore, if these customers consider switching partially to less expensive services being provided by other companies, there will be the cost for switching incurred. To be more specific, our service ensures a structure where our company’s superiority is enhanced further, while barriers to entry by other companies are raised in both aspects of quality of service as a matter of course, and cost. Also, developing services to customers in various kinds of industries and business conditions leads to stable management, achieving steady growth without having a great effect on ups and downs of the customers and the industry.

Our company has achieved continuous growth in revenue and profit as a result of acquisition of customers as well as expansion of stock business by capitalizing on those competencies.

● **Business model of I-NET CORP.**



Q Please tell us about an outlook for the FY ended March, 2018.

A We intend to remain buoyant while aiming to further expand sales and surpass a record high profit.

With regard to business environment in the current fiscal year (47th term) surrounding our company, we anticipate that it continues to remain on a recovery trend along with domestic economy.

Further expansion in IT market is expected against the backdrop of corporate positive interest in IT investment. Moreover, corporations are pursuing utilization of cloud services for cost reduction, whereas they are making use of Big Data and AI, etc., as well as are accelerating strategic IT investment aggressively aiming for further business expansion.

Our company group will also put focus on system construction, data center business, and cloud service, etc. more than ever, in order to meet these corporate needs.

From the above, with regard to consolidated performance for the current fiscal year (47th term), we will strive to improve further data center business and cloud service, as well as expand the existing business such as system development service and SS, etc., with a forecast; net sales of 25,600 mil. yen (104% year-on-year), operating income of 2,100 mil. yen (105.4% year-on-year), ordinary income of 2,050 mil. yen (105.7% year-on-year), and current net profit attributable to owners of parent company of 1,360 mil. yen (103.5% year-on-year).

• Plan for the 47th term

Net sales	25,600 mil. yen (consecutive growth for seven terms)
Operating income	2,100 mil. yen (record high)
Ordinary income	2,050 mil. yen (record high)
Current net profit attributable to owners of parent company	1,360 mil. yen (record high)

Q Please tell us about initiatives designed for the sustainable growth down the road.

A We intend to work aggressively on sectors where rapid growth is expected in the future, such as “IoT”, “Big Data” and “AI”.

Following these three key words, “IoT”, “Big Data” and “AI” are being featured recently on a daily basis in kinds of media, such as newspapers and magazines. Those technologies will become critical for corporate tasks and themes down the road. Our company intends to provide full service of those in the future.

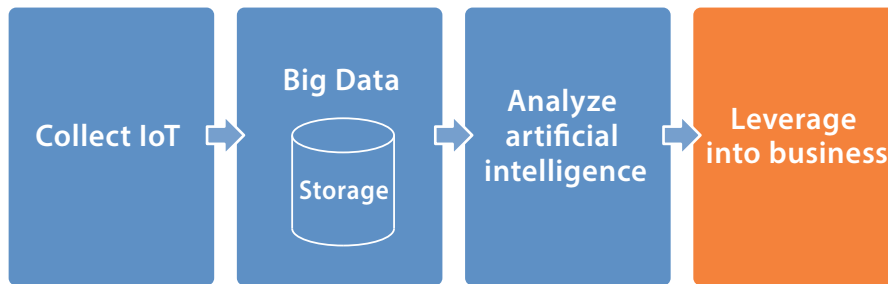
Our company already acquired technologies for IoT sensor and networking. In addition, we also hold a data center in order to store Big Data, where a great amount of CPU and memories required for operating AI are stored.

Furthermore, we intend to start working on research and development, and proof experiments, as well as strengthening cooperation with companies holding AI software in order to evaluate and analyze Big Data, aiming for leveraging it into business.

As an example, as we announced in last September, we have entered “drone IoT platform business”. At the moment, shooting images and surveying are the main use of drones. Our company anticipates development of an infrastructure service based on storing a variety of digital data captured with a drone sensor as Big Data, and afterwards evaluating and analyzing them with AI.

The usage of data center and the introduction of cloud service will become essential, as a corporate IT platform, for leveraging IoT, Big Data and AI. Our company will build a new platform for further growth by accurately anticipating those needs.

• **Future initiatives**



Q In closing, please give a message to the shareholders.

A We aim to implement an increase of dividend considering a buoyant performance, and continuous stable profit return due to a performance expansion.

Our company is determined to implement stable profit returns to the shareholders while realizing sustainable growth with further promotion of business policies and business models that take advantage of our competencies, as well as aiming for reinforcement of the financial basis.

With respect to dividend, as revenue and profit are anticipated to rise in the current fiscal year (47th term), we plan to set; in addition to normal dividend payment of 36 yen in the previous term (46th term), further 2 yen is allocated, resulting in totally 38 yen that achieves a dividend raise for six consecutive terms.

Last but not least, our entire group is committed to press forward for the target. We would like to express our deepest gratitude for further support and guidance from our valuable shareholders.

• **Plan of annual dividend per share (planned to increase for six consecutive terms)**

FY ended March, 2016	FY ended March, 2017	FY ending March, 2018
34.0 yen	36.0 yen	38.0 yen
Mid-term (17.0 yen) Year-end (17.0 yen)	Mid-term (18.0 yen) Year-end (18.0 yen)	Mid-term (19.0 yen) Year-end (19.0 yen)

Included anniversary dividend of 2 yen

Stock split (1 : 1.1)

Report of primary activities

May

Nov.

Account settlement briefing for institutional investors



We held account settlement briefings periodically (biannually) for security analysts and fund managers in order to promote understandings on our company from institutional investors. At these account settlement briefings, we explained our company group's business strategy, business confidence in IT industry, and status of our company group, as well as an outlook on performance in the next term in the end.

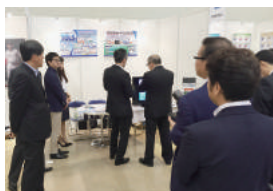
Jun.

Oct.

Feb.

Participated in exhibitions in various areas

2016 Kobe SS Business Fair



Messe Nagoya 2016



Yokohama IT Fair 2017



We participated in many different exhibitions such as "2016 Kobe SS Business Fair" held in Kobe, "Messe Nagoya 2016" considered as one of Japan's largest cross-industrial exchange

exhibitions, and "Yokohama IT Fair 2017" hosted by the Yokohama Chamber of Commerce and Industry, etc. We introduced our cloud services as well as solution services.

Jun.

Ordinary general meeting of shareholders and business briefing



We held the 45th ordinary general meeting of shareholders at Yokohama Bay Hotel Tokyu. At the business briefing after the general meeting, the President, Kajimoto explained an overview of performance and business strategies of our company group to deepen understandings from shareholders.

Jul.

Appreciation party on the 45th anniversary



We hosted "Appreciation party on the 45th anniversary" at Yokohama Royal Park Hotel, with customers from various fields invited in order to express our gratitude toward their cooperation since our former foundation, Fuji Consult Co., Ltd. in 1971 to the present day.

Jul.

Nov.

Dream Cloud Seminar 2016, Dream Cloud innovation Day 2016

Dream Cloud Seminar 2016



Dream Cloud Innovation Day 2016



We held seminars twice to explain our company's cloud service, "Dream Cloud®" which has been utilized by over 1,000 customers while referring to the user cases. A total of approximately 1,200 people participated, resulting in a number of inquiries.

Jul. Television KANAGAWA, Inc. "Special Features on Women Empowerment"



Our company's effort for women empowerment was featured on "Kanafu TV" by Television KANAGAWA, Inc.

Sep. Entered a drone IoT platform business



We held a press briefing regarding our entry into the leading IoT platform business utilizing a "drone (small unmanned aircraft)" which frequent use is expected in near future.

Sep. Oct. Company information session for private investors



We held company information sessions in three cities, Tokyo, Osaka and Nagoya. The president, Kajimoto explained our company's business activities, business models, and initiatives for dividend policy and social contributions to deepen understandings from private investors.

Nov. Fully started operations of ChatLuck on NGEN



Cloud version of "ChatLuck", NEOJAPAN Inc.'s chat system, started full-scale operations on our company's cloud service platform, "Next Generation EASY Cloud®".

Dec. IST Software Co., Ltd. launched mitte project service



One of our company's group companies, IST Software Co., Ltd. started providing a web promotion service for sightseeing, "mitte". 70 or more organizations such as local governments have already introduced the service, also corresponding inbound services for foreigners with multilingual environment.

Sep. ~ Jan. Continuously broadcasted TV commercials of our company



We broadcasted TV commercials of our company over half a year, becoming the sponsor of sports games like rugby or baseball broadcasting on Television KANAGAWA, Inc.

Mar. Held recruiting events for new graduates

Mynavi Career Seminar Yokohama venue



Kanagawa IT Job Fair



We participated in job fair events that many companies attended, and held a number of on-campus briefings in each school or university.

Basic Idea for Corporate Governance

We promote construction and maintenance of business management systems as priority items which can cope with a change of the management environment quickly, while we improve business transparency for the purpose of effectiveness and efficiency of business operations, reliability of the financial statements, the compliance of the relevant laws and ordinances.

Governance Structure and Schemes

Following is the situation of the corporate governance structure overlooking our business management organization etc. concerning the management decision making, execution and supervision.

Supervisory Board

We adopt an auditor system. Our supervisory board consists of four people, one of them is a certified public accountant, who has a considerable degree of knowledge about finance and accounting, and the other three people are outside auditors.

Then, the auditors hold the supervisory board every month aiming at improving the auditors' auditing, and take side by side with Internal Audit Office for auditing the internal audit regularly so as to confirm the effectiveness of internal control and actual business operations performance. Furthermore, we carry out auditors' liaison meeting as well as auditing department liaison meeting including group companies, where we intend to share information and improve the whole Group.

Board of Directors

In us, the board of directors is held once a month regularly, which consists of 12 people including two outside directors. Auditor always attends, and expresses positive and effective opinion standing on the position of inspecting and supervising the management, which results in the administration system the corporate governance functions appropriately.

Group Executive Committee

"Group Executive Committee", composed of directors, a standing statutory auditor, division heads of our company, presidents of subsidiaries, and the persons in charge from affiliates, is held every month and examine the business performance report from each division and forthcoming measures mainly on budget control.

Accounting Auditor

We assign "The PricewaterhouseCoopers Arata Institute" as our accounting auditor, and ask for the auditing of the consolidated subsidiaries as well, which also copes with the alteration of the accounts system swiftly.

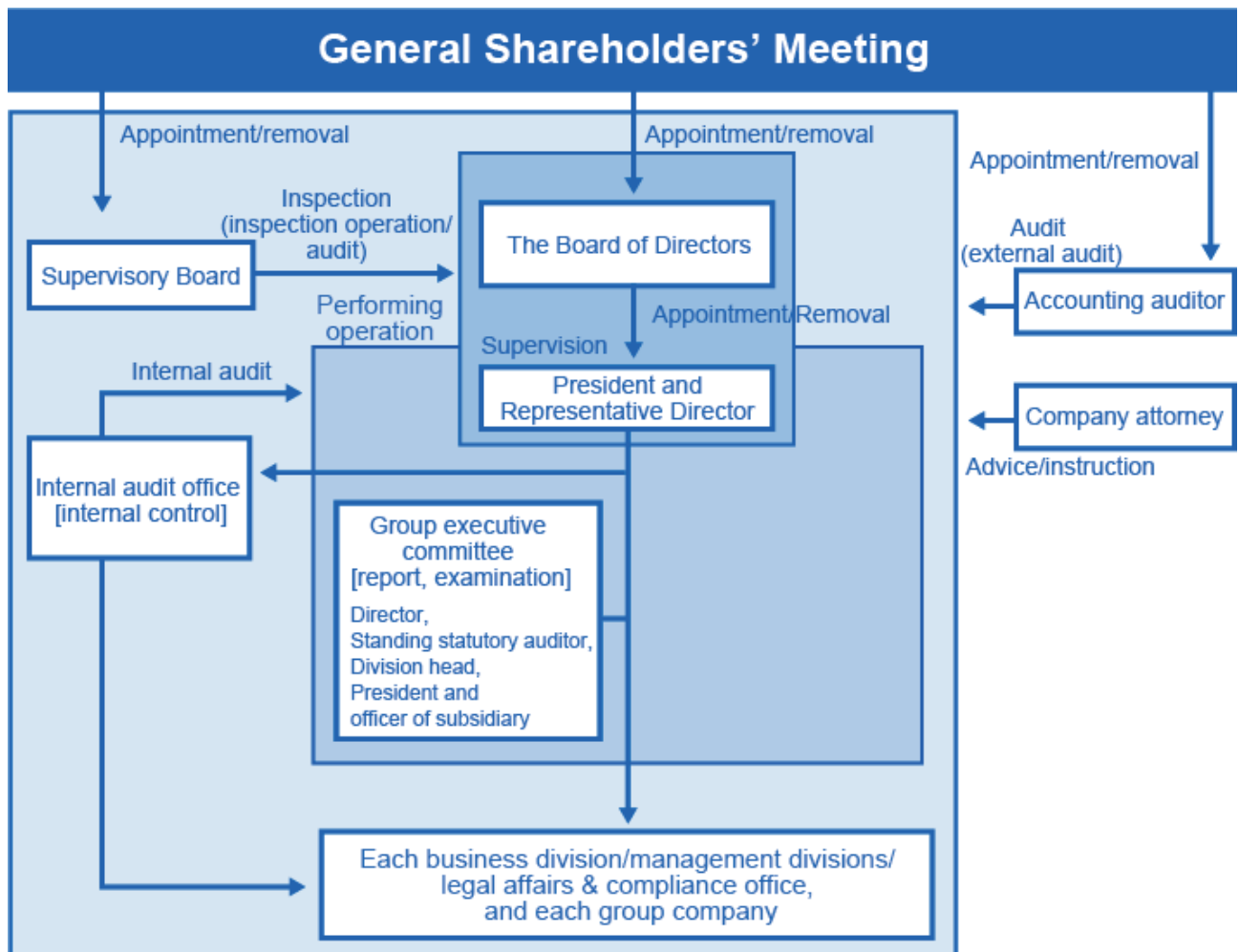
The certified public accountants who executed the audit and attestation services for our Group are two certified public accountants. Further, auxiliary personnel pertaining to inspection operation are four certified public accountants and other nine staff. The accounting auditor and a standing statutory auditor have a regular meeting and mutually cooperate by changing information as needed.

(Note) As to the certified public accountants who executed the Audit and Attestation Services, the number of years involved in continuous auditing is less than seven years, so the description is omitted.

Concerning Legal Affairs

We conclude the advisory contracts with plural law offices and, therefore, we can receive advices and instructions at right moment concerning overall legal affairs.

Organization Chart



Situation of the Compliance System

To promote the compliance of laws and ordinances as a part of the corporate governance, we founded the Compliance Room (current Legal Affairs/ Compliance Office) under the structural reform dated April 1, 2004. As the first step, this reform embodied the compliance as indispensable for retaining and developing the company.

Compliance Basic Policy

We advocate following compliance basic policies, observe them, and behave ourselves at all times based on "open and honorable spirit".

1. We try hard to build the trust from the society through sound and appropriate task performance, while we always recognize our dignified social responsibility which the information service business should inherently have.
2. We try hard to seek for the transparent management which leads to social evaluation by widening the span of communication with the society including positive and fair disclosure of our accurate management information.
3. We try hard to carry out honest and fair company business activity observing the laws, ordinances or the rules which we have to follow depending on place and time.

Concerning Privacy Policy

Prioritizing the measures against action for "Personal Information Protection Law" which was completely enforced on April 1, 2005, our company having the information Data Centers, carried out the distribution of the brochure to all employees through internal groupware in our company so as to deepen their understanding to "Personal Information Protection Law", which resulted in enhancement of their consciousness.

Furthermore, we try hard to grasp the learning state and the understanding degree of all employees as our introduced e-learning enables us to access from each branch all over the nation as well as from their homes.

We keep on expanding the contents and promoting the awareness campaign.

Additional Information

We reviewed sales management regulations and prevention of insider trading regulations etc., which was instructed to all employees throughout the nation so as to continuously awaken individual consciousness toward the risk management and legal compliance.

As for the insider trading, particularly, we distribute the booklet, "Insider trade regulation Q & A", issued by the Tokyo Stock Exchange Co., Ltd. to all directors and employees including subsidiaries so as to promote their understanding and observance of the regulation contents.

Further, since 2008, in the compliance education program for new employee, we improved the content emphasizing the compliance and put emphasis on the observance of "I-NET Charter of Corporate Code" established in March, 2007 as well as the importance of the compliance.

Social Contribution/Environmental Activity

We introduce social contribution activities by I-NET CORP.

Social Contribution Activity to the Local Community

I-NET CORP. positively works on social contribution activities to the local community such as job creation, co-sponsorship to local held events, support to cultural activities or disaster recovery assistance.

Activity to Promote Employment of Persons with Disabilities

I-NET CORP. sincerely considers it as one of utmost essential assignments that we provide strong support for persons with disabilities, same as with persons who are not physically handicapped, to be employed with the occupation fit for their ability and aptitude so that we can materialize the society that they can spend independent life in community. As one of these activities, we founded I-NET DATA SERVICE CORP. , special exceptional subsidiary, and support persons with disabilities for "their independence, growth, autonomy" in daily life in the community.

Special Exceptional Subsidiary

Based on "The Act for Promotion of Employment of Persons with Disabilities," special exceptional subsidiary is defined as that enterprises establish a subsidiary which especially considers yield volume circumstances or working condition when employing the person with disabilities, and receives the authorization of the Minister of Health, Labor and Welfare, regarded as satisfying constant condition.

Activity to the Environment

I-NET CORP. built the environmental management system in the Data Centers (the 1st Data Center, the 2nd Data Center), acquired the certification of ISO14001 and has tried to reduce the environmental load.

As the natural environmental problem in the community and the earth becomes severe and detrimental topics these days, preservation of the global environment becomes urgent and pressing challenges common to human being. The strongly-built and high level secured Data Centers of our company operate as information infrastructure of industry and the society without stopping for 24 hours a day, for 365 days a year.

We considered minimizing the influence to the preservation of environment as one of our social responsibilities through the operation of our Data Centers and established the environmental policy to carry out the activities for environment load reduction.

Environmental Policy

1. We recognize the influence on environment by the business operation of our Data Centers, and promote

resource saving, energy saving, recycling, prevention of global warming, and hereby try to reduce environmental load.

2. We observe the relevant laws, ordinances and the rules concerning the environment as well as the requirements which our Data Centers consent to.
3. We manage the influence on environment by the business operation, fix the environmental purpose and target, perform their review periodically, and hereby promote a planned improvement activity.
4. We make this environmental policy to be known to all employees working in our Data Centers, carry out necessary education training programs required for an employee, and hereby try to raise consciousness for the environment.
5. We announce this environmental policy outside the company, and hereby work on the environmental preservation.

April 1, 2014 I-NET CORP.

The 1st Data Center

The 2nd Data Center

Masayuki Shimura, Supervisor in charge of Data Center management

Concerning human relations to our employees

I-NET CORP. promotes the innovation of individual work style to make working environment where our employees can exert all their abilities in peace.



Kurumin

I-NET CORP. was authorized by the Minister of Health, Labor and Welfare (authority delegated to Director of Kanagawa Labor Bureau) pursuant to Law for Measures to Support the Development of the Next Generation as "Child care support company" on May 31, 2012, and acquired Kurumin, next generation support certification logo.

"Law for Measures to Support the Development of the Next Generation"

This law is enforced to carry out unitary measures (measures to support the development of the next generation) among the national government, local municipal governments, enterprises and peoples together for the purpose of making the environment where children for next generation can be born and raised in good health.

When we achieved the requirements for approval after we prepared and submitted the action plan called "General employer action plans (companies, etc.)", we are authorized as "Child care support company".

Requirements for approval

1. Having prepared appropriate action plan according to Action Plan Formulation Guidelines concerning the creation of an employment environment.
2. Having achieved the targets which were carried out as per the prepared action plan.
3. Announcing the action plan, and make employees to be known to all appropriately.
4. More than one person among male employees acquired the parental leave during action planned period.
5. More than 70% of a parental leave acquisition rate of the female employees during action planned period.
6. Taking necessary measures for an employee bringing up a child of 3 year of age or more before the time of commencement of elementary school concerning "Child care leave system", "Limitation on overtime work system", and "System pertaining to measures to shorten working hours & measures to change the starting time and the ending time of the work hours".
7. Carrying out one of following ① - ③.
 - ① Measures for reduction of overtime work
 - ② Measures for promotion of the acquisition of annual paid leave
 - ③ Measures for creation of a variety of working conditions to contribute to other working style review
8. No material fact found to violate the relevant laws, orders pertaining to the relevant law, or other relevant ordinances.

I-NET CORP. promises to pursue further good working environment, where the work and child care allowed to stand side by side so that making family life and life in a working place balanced, securing easy to work environment, and all employees hereby can exert their own ability sufficiently.

Kanagawa Child Care Supporters

I-NET CORP. acquired the certification by Kanagawa prefectural government pursuant to "Kanagawa Prefecture, Children/Childcare Support Promotion Ordinances" as a promotion company on July 3, 2008.

What is "the certification system pursuant to Kanagawa Prefecture, Children/Childcare Support Promotion Ordinances"?



The certification system pursuant to Kanagawa Prefecture, Children/Childcare Support Promotion Ordinances" is the system that Kanagawa prefectural government authenticates a company institutionalizing children/childcare support for employees as a "Kanagawa childcare supporter".

Requirements for certification

1. Following requirements are clearly regulated as internal system, which systems or measures are obliged under the Child Care and Family Care Leave Law.
 - ① Childcare leave
 - ② Sick/injured child care leave for an employee bringing up before the time of commencement of elementary school
 - ③ Limit of overtime work, the late-night work for an employee bringing up a child before the time of commencement of elementary school

- ④ Measures to shorten working hours for an employee bringing up a child younger than 3 years of age
- 2. Being clarified a responsible person in the company concerning support for balance of work and child care.
- 3. Announcing public inside and out the planned promotion to carry out for children/childcare support.
- 4. Contents of the plan and business activities being appropriate in the light of relevant laws and ordinances.

I-NET CORP. approves of this purpose, and will push forward maintaining and improving the working environment where our employees can not only have balance of work and child care but are easy to work.

Stock Information

Basic Information of Stock

Overview of Stock

(As of March 31, 2017)

Authorized shares	60,000,000 shares
Number of shares outstanding	16,242,424 shares
Capital	¥3,203,992,690
The number of shareholders	4,034 people

Major shareholders

Shareholders

	Sep 30, 2015	Mar 31, 2016	Sep 30, 2016	Mar 31, 2017
	Thousand shares			
Individual and Others	9,696	9,485	9,547	10,407
General corporation	1,389	1,382	1,384	1,457
Financial institution	2,443	2,638	2,606	2,933
Securities company	182	125	72	148
Foreigner	1,055	1,133	1,154	1,295
Total	14,765	14,765	14,765	16,242

	Sep 30, 2015	Mar 31, 2016	Sep 30, 2016	Mar 31, 2017
	person			
Individual and Others	4,284	3,764	3,835	3,852
General corporation	63	61	59	55
Financial institution	26	27	28	27
Securities company	25	29	21	26
Foreigner	75	69	72	74
Total	4,473	3,950	4,015	4,034

※1,' Individual and Others ' include company-owned stocks.

2,'General corporation'include securities depository center stock

3,Stock figures are rounded to 1,000.

Major shareholders(Top 10)

(As of March 31, 2017)

	Number of Shares Held	Shareholding Ratio
	Thousand shares	
Noriyoshi Ikeda	1,840	11.58%
I-NET Employee Stock Ownership	1,425	8.96%
Junji Kitagawa	781	4.91%
The Bank of Yokohama,Ltd.	707	4.45%
Japan Trustee Services Bank, Ltd.	471	2.96%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	430	2.70%
N and I Co.,Ltd.	316	1.99%
The Master Trust Bank of Japan,Ltd.	309	1.94%
NIPPON LIFE INSURANCE COMPANY	275	1.73%
Mitsubishi Research Institute DCS Co.,Ltd.	239	1.51%

※1.Number of shares, it has been rounded down to the nearest thousand shares.

2.The shareholding ratio is calculated after deducting treasury stock 342,782 shares.

IR calendar

July 31, 2017	Announcement of account settlement for the first quarter of FY ended March, 2018
September 30	Base date of interim dividend Fixed date of rights of shareholder incentives
Late in October	Announcement of account settlement for the second quarter of FY ended March, 2018
Late in November	Account settlement briefing for the second quarter of FY ended March, 2018
Early in December	Distribution of IR report for the second quarter of FY ended March, 2018 Payment of interim dividend
Late in January, 2018	Announcement of account settlement for the third quarter of FY ended March, 2018
March 31	Base date of year-end dividend Base date of ordinary general meeting of shareholders

Early in May	Announcement of account settlement for the term ended March, 2018
Middle	Account settlement briefing for the FY ended March, 2018
Early in June	Distribution of notice of ordinary general meeting of shareholders
Middle	The 47th ordinary general meeting of shareholders Distribution of notice of resolution, and IR report Payment of year-end dividend

Sahreholder Return

Sahreholder Return

Dividend Policy

Our basic policy is carrying out the stable dividend regularly and is making an effort toward the inner reservation to deal with funding requirements in the future.

In addition, we will enhance the return of profits to shareholders by increasing the corporate value to improve the profitability.

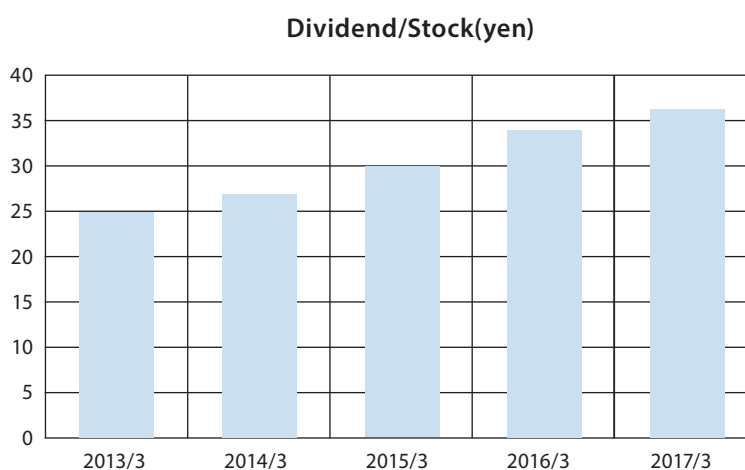
Retained earnings are used for facility enhancement 'data center' which we have been focused on and for business expansion such as the promotion of various research and development activities.

Dividend

	2013/03	2014/03	2015/03	2016/03	2017/03
Dividend/Stock(yen)	25.00	27.00	30.00	34.00	36.00
(a midterm dividend)	12.50	12.50	15.00	17.00	18.00

※ Dividend in March,2016 includes 2 yen which is the commemoration dividend.

Change of dividend



Shareholder Preferential Treatment

Shareholder Preferential Treatment

Information of Shareholder Preferential Treatment

We have a shareholder preferential treatment in order to thank for the daily support of the shareholders and enhance the attraction of our stock.

Intended shareholder

Shareholder who possess the number of our stock more than 1,000.

Contents of Shareholder Preferential Treatment

We deliver original Quo card once a year according to the number of our stock which you possess. (Delivery time is the early part of December)

Social Contribution

We contribute 10% of the donated amount separately to support group of physically handicapped.

Number of Stocks Held	Contents of Shareholder Preferential Treatment
More than 1,000 stocks Less than 3,000 stocks	1,000yen
More than 3,000 stocks Less than 5,000 stocks	2,000yen
More than 5,000	3,000yen

In addition, we deliver 1,000 yen QUO card to shareholder who possess our stock more than 3 years.



Outline of consolidated financial statements

Outline of profit and loss

(Unit: in millions of yen)

	Previous fiscal year (April 1, 2015 - March 31, 2016)	Current fiscal year (April 1, 2016 - March 31, 2017)	Growth amount
Net sales	24,434	24,617	182
Gross profit	5,702	5,900	197
Operating income	1,918	1,992	73
Ordinary income	1,838	1,939	100
Current net profit attributable to owners of parent company	1,114	1,314	199

Outline of assets and liabilities

(Unit: in millions of yen)

	Previous fiscal year (March 31, 2016)	Current fiscal year (March 31, 2017)	Growth amount
Current assets	8,593	8,850	256
Noncurrent assets	16,516	16,192	(323)
Current liabilities/Noncurrent liabilities	13,316	12,358	(957)
Net assets	11,793	12,684	890
Total assets	25,110	25,043	(66)

Outline of cash flows

(Unit: in millions of yen)

	Previous fiscal year (April 1, 2015 - March 31, 2016)	Current fiscal year (April 1, 2016 - March 31, 2017)	Growth amount
Cash flows from operating activities	2,523	2,932	408
Cash flow from investing activities	(468)	(979)	(510)
Cash flow from financing activities	(1,892)	(1,728)	163
Final balance of cash and cash equivalents	2,696	2,920	224

Points in the settlement values

Point
1

We have achieved growth in net sales for six consecutive terms, increasing by 182 mil. yen as a result of steady progress in data center, cloud services, and system construction for financial business, etc.

Point
2

We have surpassed a record high profit, increasing operating income by 103.8%, 73 mil. yen due to growth in revenue of data processing services, as well as in inquiries of high profitable system development services.

Point
3

It has increased by 265 mil. yen due to a rise in the valuation of investment securities held. On the other hand, tangible fixed assets have decreased by 638 mil. yen due to depreciation, etc., resulting in a decline of 323 mil. yen.

Point
4

Total liabilities have decreased by 957 mil. yen, mainly due to declines of 883 mil. yen in loans as well as 207 mil. yen in lease obligations.

Point
5

Net assets have increased by 890 mil. yen as a result of increases of 808 mil. yen in retained earnings as well as 90 mil. yen in net unrealized gains on securities.

Point
6

[Cash flow from operating activities]

It has increased by 3,348 mil. yen due to internal reserves from profit and depreciation. On the other hand, as paying 763 mil. yen for income taxes, etc., we have ended up acquiring 2,932 mil. yen.

[Cash flow from financing activities]

This has been attributable to 883 mil. yen from reducing interest-bearing debts, 321 mil. yen of repayment of lease obligations, and 505 mil. yen of dividend payments, etc.

Consolidated 5-year Financial Summary

(millions of yen)

	2013.03	2014.03	2015.03	2016.03	2017.03
For the year					
Net sales	21,587	22,528	23,229	24,434	24,617
Operating income	1,538	1,664	1,598	1,918	1,992
Ordinary income	1,487	1,561	1,546	1,838	1,939
Net income(Net sales by segment)	885	901	982	1,114	1,314
Information processing service	8,487	8,783	9,107	9,607	9,784
System development service	12,292	13,063	13,457	14,081	13,937
System products sales	809	681	664	746	895
At year-end					
Net assets	8,854	10,571	12,147	11,793	12,684
Total assets	22,459	24,514	25,962	25,110	25,043
Number of employees(personnel)	1,349	1,328	1,297	1,295	1,307
Cash flows					
Cash flows from operating activities	1,890	1,171	2,648	2,523	2,932
Cash flows from investing activities	(899)	(3,741)	(622)	(468)	(979)
Cash flows from financing activities	(1,073)	2,278	(1,675)	(1,892)	(1,728)
Cash and cash equivalents at the end of year	2,474	2,183	2,533	2,696	2,920
Per share information(yen)					
Net income(EPS) (※1)	61.74	57.88	60.52	69.70	82.68
Net assets	603.5	638.39	732.91	741.67	797.79
Cash dividends (※2)	25.0	27.0	30.0	34.0	36.0
Ratios					
Return on equity(ROE)	10.7%	9.5%	8.8%	9.4%	10.7%
Return on asset(ROA)	6.8%	6.6%	6.1%	7.2%	7.7%

※1 Common shares in net were split at a ratio of 1:1.1 on October 1, 2016.
Net income FY2016-7 are shown based on post-split assumption.

※2 The dividends before October 1, 2016 are based on the pre-split number of shares.

Company profile

Trade name	I-NET CORP.																																
Headquarters	23F, MitsubishiJuko Yokohama Bldg. , 3-3-1 Minatomirai, Nishi-Ku, Yokohama, Kanagawa 220-8401, Japan Phone#: +81-(0)45-682-0800 (main)																																
Founded	April 22, 1971																																
Capital	¥3,203.992,000																																
Listing	Tokyo Stock Exchange 1st Section of the Tokyo Stock Exchange(code: 9600)																																
Board of Directors and Auditors	<p>(as of June 23 2017)</p> <table> <tr> <td>Chairman of the board</td> <td>Noriyoshi Ikeda</td> </tr> <tr> <td>President and Representative Director</td> <td>Shigemasa Kajimoto</td> </tr> <tr> <td>Executive Vice President</td> <td>Tsutomu Taguchi</td> </tr> <tr> <td>Managing Director</td> <td>Mitsuru Sakai</td> </tr> <tr> <td>Managing Director</td> <td>Hiroshi Wanibuchi</td> </tr> <tr> <td>Managing Director</td> <td>Tomomichi Saeki</td> </tr> <tr> <td>Director</td> <td>Naokatsu Uchida</td> </tr> <tr> <td>Director</td> <td>Akira Ishigami</td> </tr> <tr> <td>Director</td> <td>Naoki Tateshima</td> </tr> <tr> <td>Director</td> <td>Masakazu Kinoshita</td> </tr> <tr> <td>Director (※1)</td> <td>Kiyoko Asai</td> </tr> <tr> <td>Director (※1)</td> <td>Yukiko Takenouchi</td> </tr> <tr> <td>Standing Auditor (※2)</td> <td>Haruki Motomura</td> </tr> <tr> <td>Standing Auditor (※2)</td> <td>Masatoshi Miyazaki</td> </tr> <tr> <td>Auditor (※2)</td> <td>Hideo Ohashi</td> </tr> <tr> <td>Auditor (※2)</td> <td>Yoshihiko Tashita</td> </tr> </table> <p>※1...Outside Director ※2...Outside Auditor</p>	Chairman of the board	Noriyoshi Ikeda	President and Representative Director	Shigemasa Kajimoto	Executive Vice President	Tsutomu Taguchi	Managing Director	Mitsuru Sakai	Managing Director	Hiroshi Wanibuchi	Managing Director	Tomomichi Saeki	Director	Naokatsu Uchida	Director	Akira Ishigami	Director	Naoki Tateshima	Director	Masakazu Kinoshita	Director (※1)	Kiyoko Asai	Director (※1)	Yukiko Takenouchi	Standing Auditor (※2)	Haruki Motomura	Standing Auditor (※2)	Masatoshi Miyazaki	Auditor (※2)	Hideo Ohashi	Auditor (※2)	Yoshihiko Tashita
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Auditor (※2)	Hideo Ohashi																																
Auditor (※2)	Yoshihiko Tashita																																
Employees	consolidated 1,397 , Non-consolidated 920(as of April 1, 2017)																																
Business Outline	Information-processing service System development service System equipment sales																																
Qualifications	<ul style="list-style-type: none"> Ministry of Health, Labour and Welfare Workers Dispatching Undertaking [permit number:HA14-301383] Ministry of Internal Affairs and Communications Notifying telecommunications Carrier [nortification number:A-07-968] 																																

	<ul style="list-style-type: none"> • JIPDEC Permitted for the Use of Privacy Marks(JIPDEC) [registration number:11820061(09)] <p>Acquired the certification of ISO 9001 [registration number:JQA-QM6329] 1st Data Center/ 2nd Data Center [registration number:JQA-QM7676] Control Division/ Space Development Division</p> <p>Acquired the certification of ISO14001 [registration number:JQA-EM6606] 1st Data Center/ 2nd Data Center</p> <p>Acquired the certification of ISO/IEC27001 [registration number:JQA-IM0093] 1st Data Center/ 2nd Data Center [registration number:JQA-IM0327] Control Division/ Space Development Division</p>
Memberships	<ul style="list-style-type: none"> • Nippon Keidanren(Japan Business Federation) • Japan Information Technology Services Industry Association (JISA) • FujitsuCenter Association (FCA) • Kanagawa Information Services Industry Association (KIA) • Information Technology Alliance (ITA)

Group Affiliate

Subsidiaries

IST-Software Co., Ltd.	13F, Nissay Aroma Square, 5-37-1 Kamata, Ota-ku, Tokyo 144-8721, Japan TEL : +81-(0)3-5480-7211 http://www.ist-software.co.jp
I-NET DATA SERVICE CORP.	644-12, Maioka-cho, Totsuka-ku, Yokohama, Kanagawa 244-0813, Japan TEL : +81-(0)45-820-5897 http://www.inet-d.co.jp