



# **Initiatives in Medium-term Management Plan**

**(April 2022 - March 2025)**

**May 2022(Revised on May 9, 2023)**

**I-NET Corp.**

# Overview of Company

**inet** I-NET Corp.

Net sales : 22,595 million yen  
Employees: 1,015

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

As of April 1, 2022  
Net sales as of FY2022

Wholly owned  
consolidated  
subsidiary

 **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

100% non-  
consolidated special  
subsidiary company

**I-NET DATA SERVICE CORP.**

Business : Office work services  
Net sales : 71 million yen  
Employees: 23

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

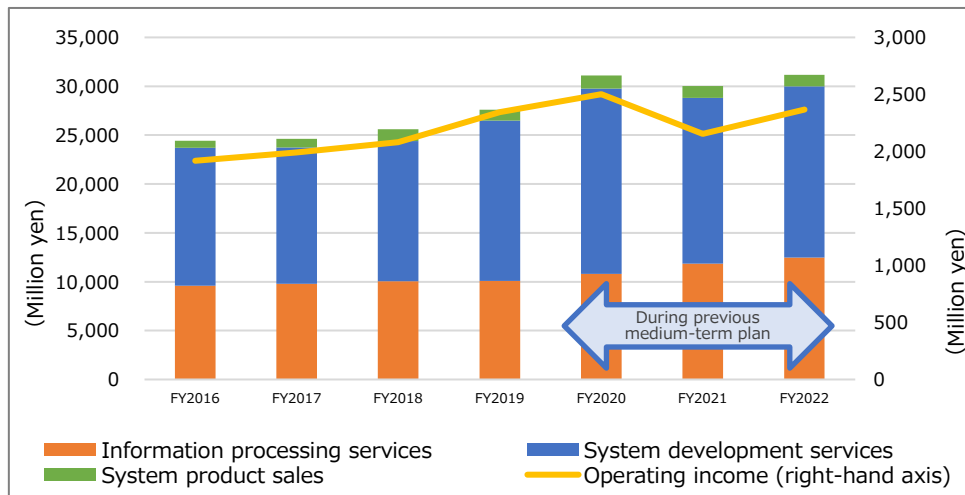
# Results in numbers (Previous medium-term plan: April 2019 – March 2022)

(Unit: Million yen)

|                  | FY2019 | FY2022                            |        |                    |
|------------------|--------|-----------------------------------|--------|--------------------|
|                  |        | Medium-term target <sup>(*)</sup> | 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

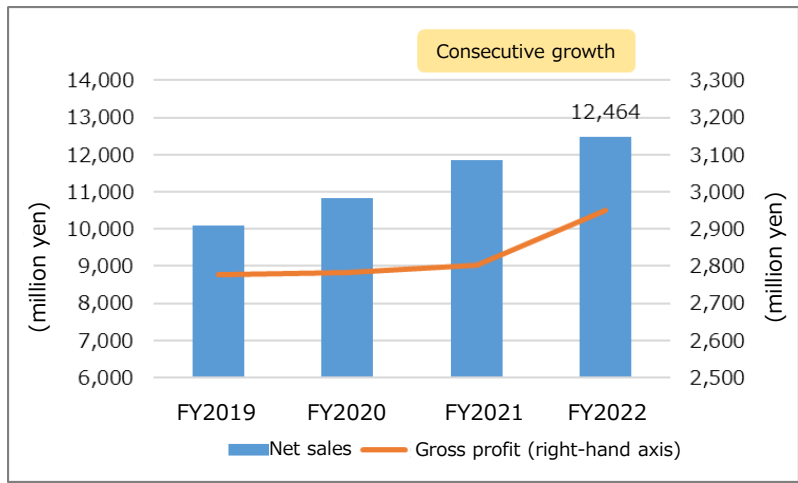


|     | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|-----|--------|--------|--------|--------|--------|--------|--------|
| ROE | 9.4%   | 10.7%  | 10.4%  | 10.9%  | 11.3%  | 9.5%   | 10.1%  |

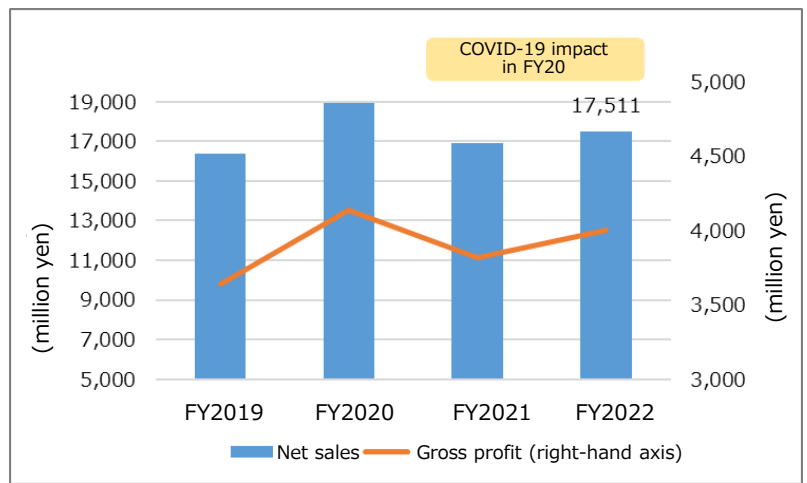
- Financial results
  - Net sales, operating income and ROE all fell due to the impact of COVID-19 in FY2021.
  - Earnings recovered in FY2022.
- Medium-term business conditions
  - Net sales and income both remain in a growth trend.
  - ROE also remains solid, at the 10% level.

# Financial results by segment

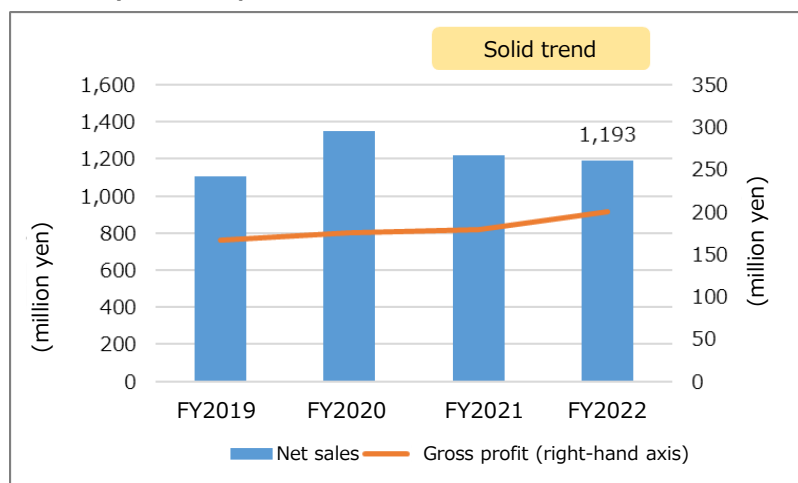
## Information processing services



## System development services



## System product sales



### (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.

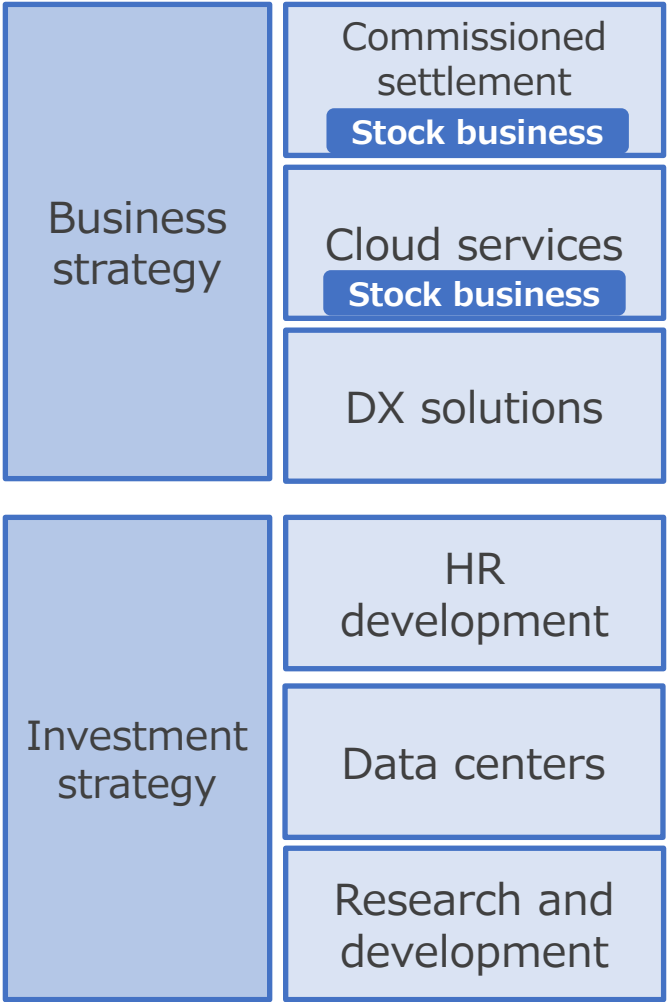
### (System development services)

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



## 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)
- 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

- 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

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## **Initiatives in Medium-term Management Plan**



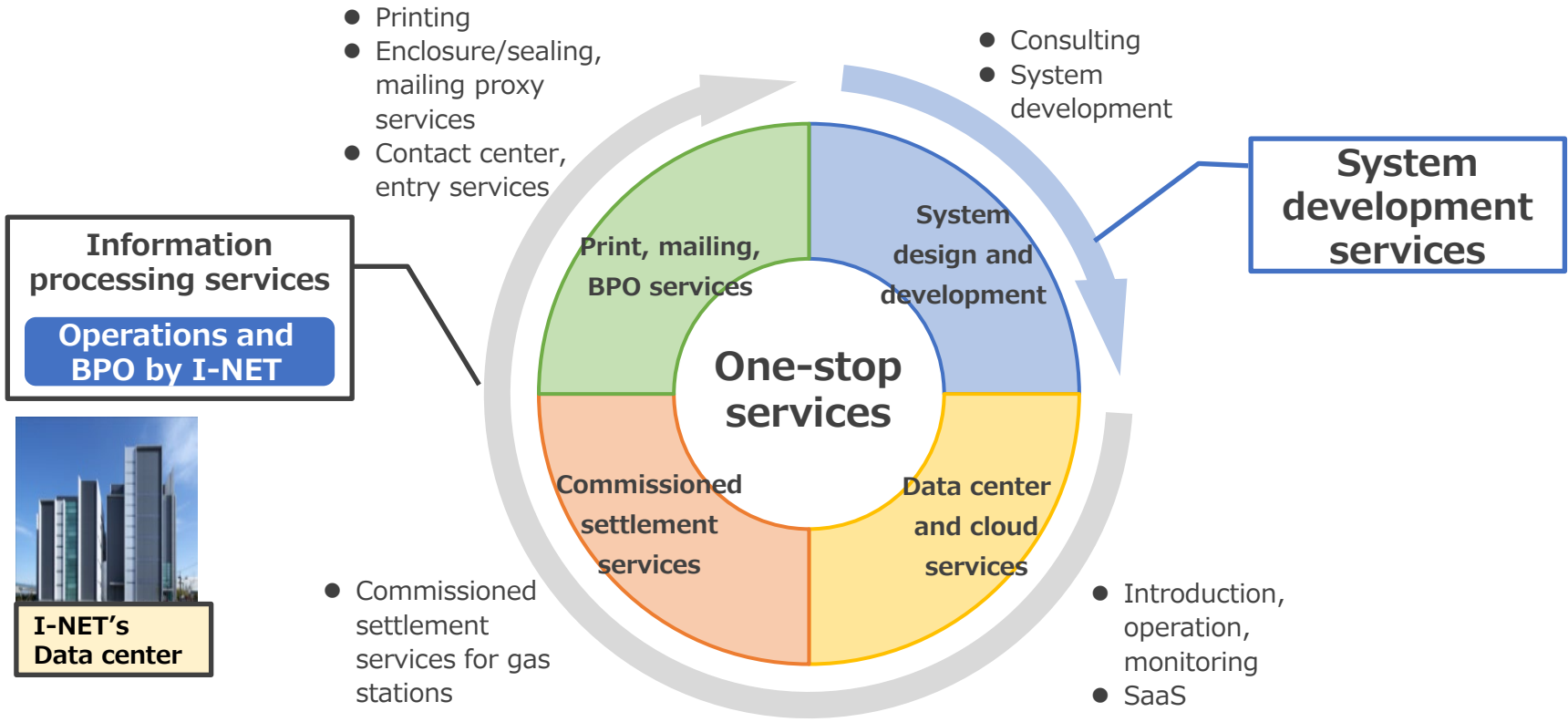
(Unit: Million yen)

|                       | FY2022 results |   | FY2025 Initial Plans | FY2025 Revised Plans |
|-----------------------|----------------|---|----------------------|----------------------|
| Net sales             | 31,169         | ➔ | 37,700               | 40,000               |
| Operating income      | 2,367          |   | 3,200                | 3,200                |
| Operating income rate | 7.6%           |   | 8.5%                 | 8.0%                 |
| ROE                   | 10.1%          |   | 10% or more          | 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 |
|--|---|--------------|
| <p>Promotion of customer services and R&amp;D for the DX and New Normal eras</p>                               | <ul style="list-style-type: none"> <li>• Spread and expansion of cloud services</li> <li>• Measures limiting contact and preventing overcrowding</li> <li>• Promotion of big data, AI, and IoT</li> </ul>   |              |
| <p>Pursuit of co-creation and innovation and value creation</p>  | <ul style="list-style-type: none"> <li>• Establishment of SDGs Promotion Office</li> <li>• Pursuit of projects in collaborations between industry, public and private sectors, and academia</li> <li>• Pursuit of business activities through foundations and special subsidiary companies</li> </ul> |              |
| <p>Diversification and advancement of human resources, improved productivity</p>                               | <ul style="list-style-type: none"> <li>• Employee skill development</li> <li>• Diversity promotion</li> <li>• Support with career development</li> <li>• Promotion of workstyle reforms</li> </ul>  |              |
| <p>Appropriate management of business portfolios in the service deployment model, improved corporate value</p> | <ul style="list-style-type: none"> <li>• Promotion of one-stop model through I-NET's own data centers</li> <li>• Reinforcement of stock business</li> </ul>   |              |

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-power-consumption 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

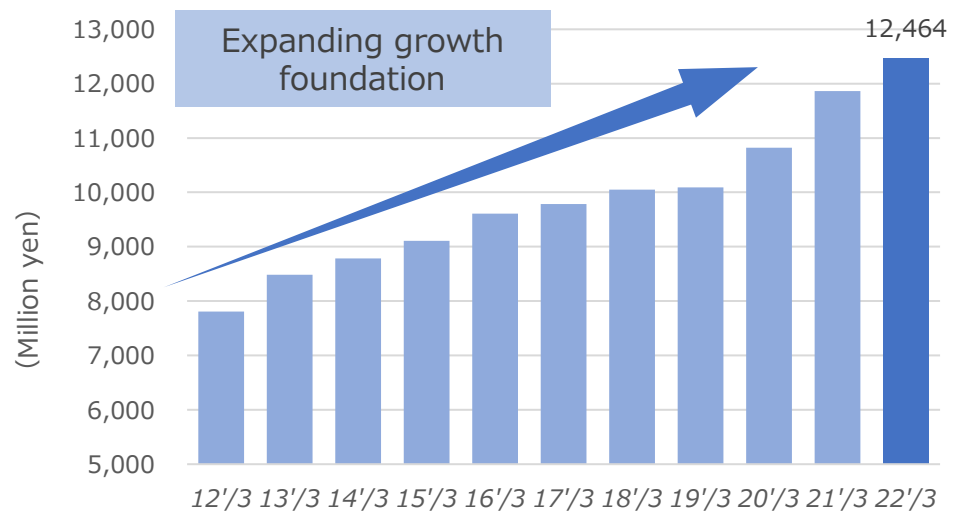
## Service breakdown

- Cloud services
- Data center services

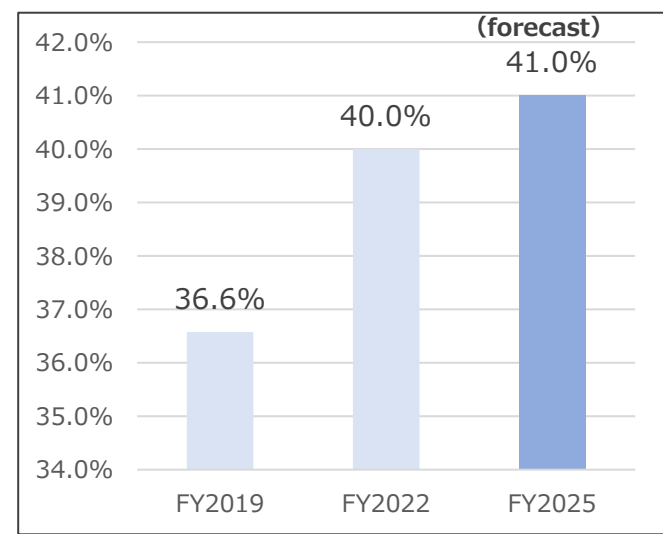
- Commissioned settlement (gas stations)

- Printing, mailing
- BPO services

### ● Trends in net sales



### ● Percentage of company's total net sales (consolidated)

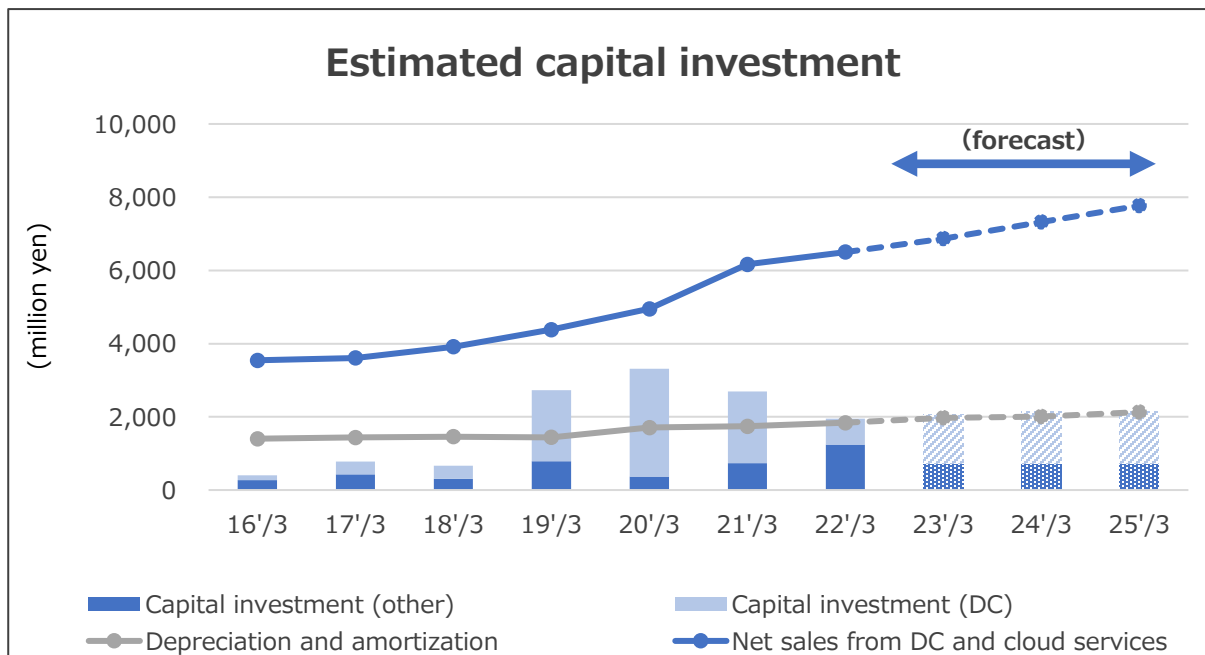


- A **fixed amount** posted to net sales **each month**
- Contracts carry on into the **next fiscal year and beyond**
- **Stock business = information processing service**

- **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

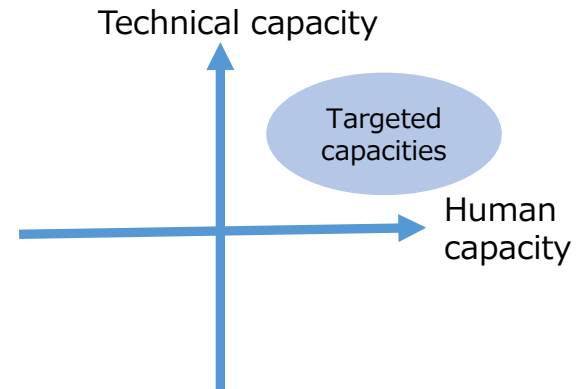
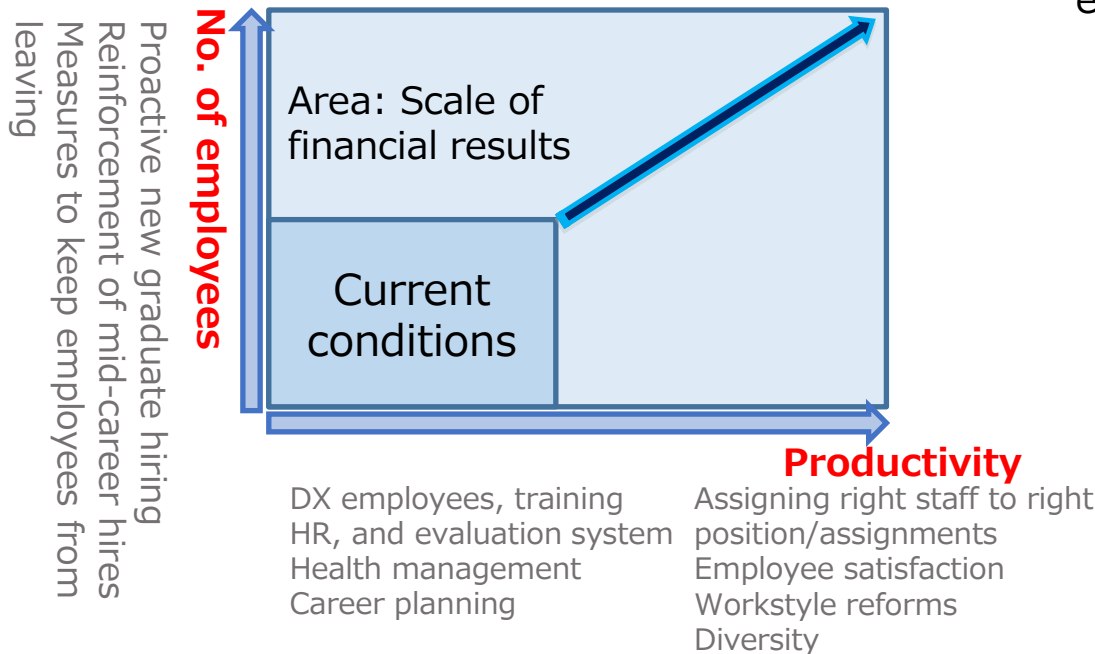
- Policies

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

- 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



## HR training, development

- 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

## Workstyle reforms

- 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)

## Diversity and inclusion

- 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



(Eruboshi)

## Health management

- 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

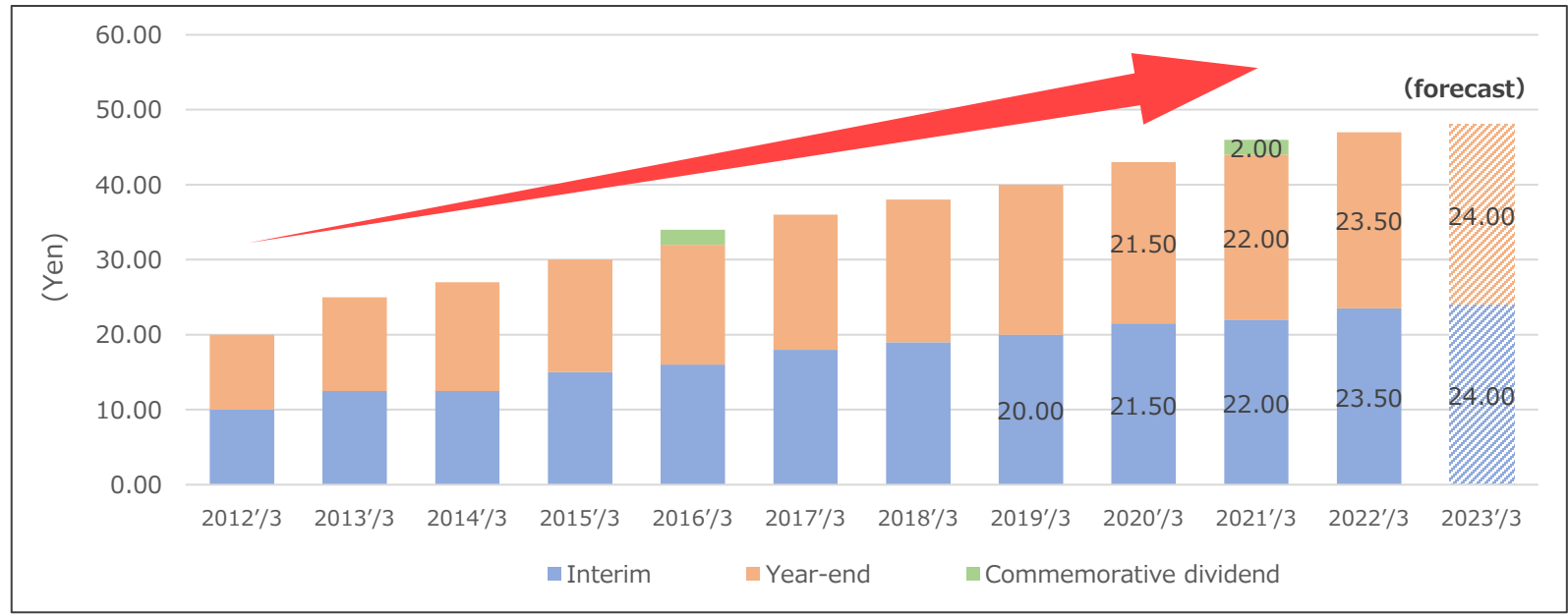




**We aim to continue increasing dividends while retaining earnings to prepare for future capital demand and growth investment.**

● **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



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## **Social Contribution Activity**

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

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

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



私たちは、神奈川のさまざまな社会貢献活動を支援、助成することを目的に設立された財団です。



- 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).

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

## 【Promotion of employment for disabled people】

### 『I-NET Data Service』

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

自立そして自律



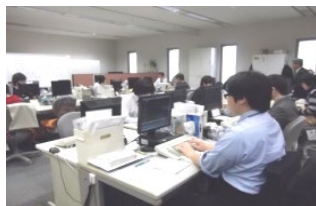
#### ■ Primary operations



Data entry



Scanning



Light work



Preparation of business cards, etc.



## 【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)



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