



July 31, 2024

To whom it may concern,

Company name	I-NET Corp.		
Representative:	Representative Director, Executive President	Tomomichi Saeki (TSE Prime Code No. 9600)	
Inquires	Executive Officer	Masahiro Shiga	
	Head of Management Planning Department		
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Action to implement management that is conscious of the cost of capital and stock price

I-NET Corp. has been considering future initiatives based on an analysis of our current situation regarding measures Action to implement management that is conscious of the cost of capital and stock price in response to a request by the Tokyo Stock Exchange.

We hereby announce that the Board of Directors has resolved the following at a meeting held today.



Action to implement management that is conscious of the cost of capital and stock price

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**I-NET Corp.**  
**(TSE Prime Market Code No. 9600)**

**July 31, 2024**

(1) Actions and initiatives in light of the current situation

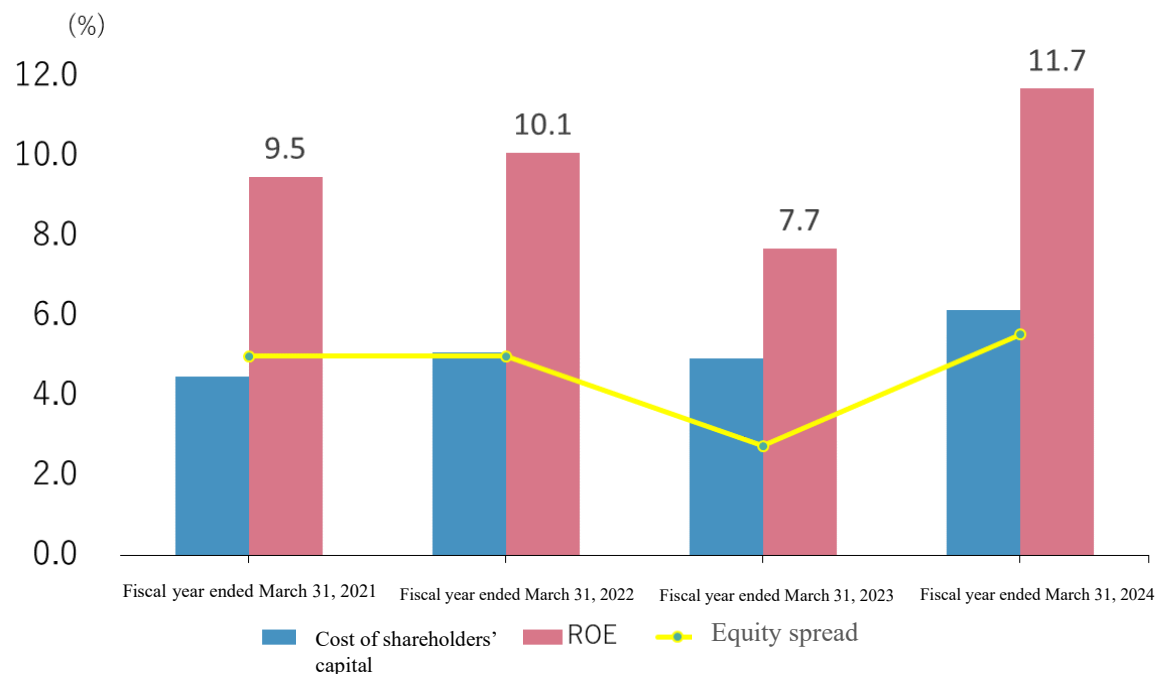
The current situation	Action policies	Initiatives for this fiscal year
<ul style="list-style-type: none"> <li>◆ The current cost of capital is around 6%</li> <li>◆ ROE for the fiscal year ended March 31, 2024: 11.7%</li> <li>◆ Estimated PER: 11.4x*</li> <li>◆ Actual PBR: 1.5x*</li> </ul>	<ul style="list-style-type: none"> <li>◆ Achievement of the goals of the current medium-term management plan Operating margin of 8%, ROE of 10% or more ROE of 13% or more in the fiscal year ending March 31, 2027</li> <li>◆ Laying the foundation for a new medium-term management plan to start next fiscal year</li> <li>◆ Enhancing the data center business and enhancing the coordination of peripheral businesses</li> <li>◆ Achieving sustainable shareholder returns</li> </ul>	<ul style="list-style-type: none"> <li>◆ Aggressive investment in growth areas from a medium- to long-term perspective                             <ul style="list-style-type: none"> <li>A. Enhancing the platform strategy “Increasing” and “expanding” services                                     <ul style="list-style-type: none"> <li>1) Offering services related to development systems</li> <li>2) Enhancing strategic collaboration</li> <li>3) New business initiatives</li> </ul> </li> <li>B. A third data center</li> </ul> </li> <li>◆ Improving capital efficiency                             <ul style="list-style-type: none"> <li>(1) Reducing cross-shareholdings</li> <li>(2) Seeking appropriate shareholder equity</li> </ul> </li> <li>◆ Investments in non-financial assets</li> <li>◆ Increasing shareholder returns and improving IR</li> </ul>

(\* ) As of July 23, 2024

## (2) Cost of capital and return on capital

Both the equity spread and EVA spread are positive and improved in the fiscal year ended March 31, 2024 compared to the previous fiscal year

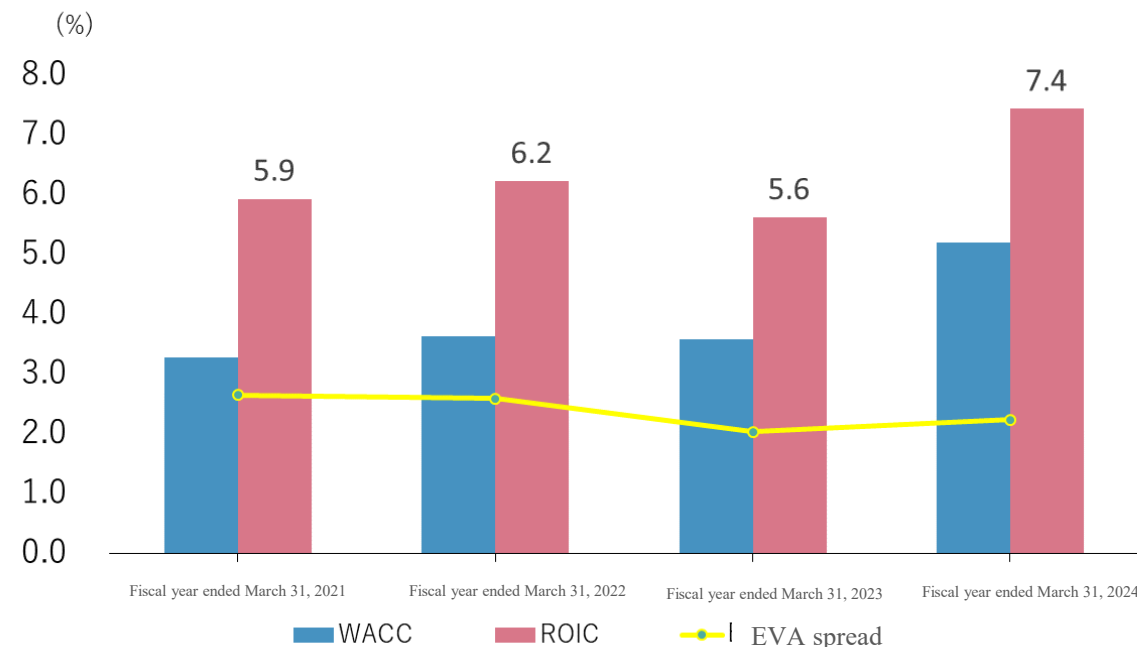
### ROE and cost of shareholders' capital



Cost of shareholders' capital  
 = Risk-free rate of return +  $\beta$  x Risk premium

Risk-free rate of return: Yield on new 10-year government bonds, safe assets  
 B (beta): 5 years of monthly data (at the end of the accounting period), the Company's individual risk  
 Risk premium: Based on the percent change in the TOPIX (at the end of the accounting period), expected market rate of return

### ROIC and WACC



WACC (weighted average cost of capital)  
 = Cost of shareholders' capital x E/(E+D)  
 + (Cost of debt after tax) x D/(E+D)

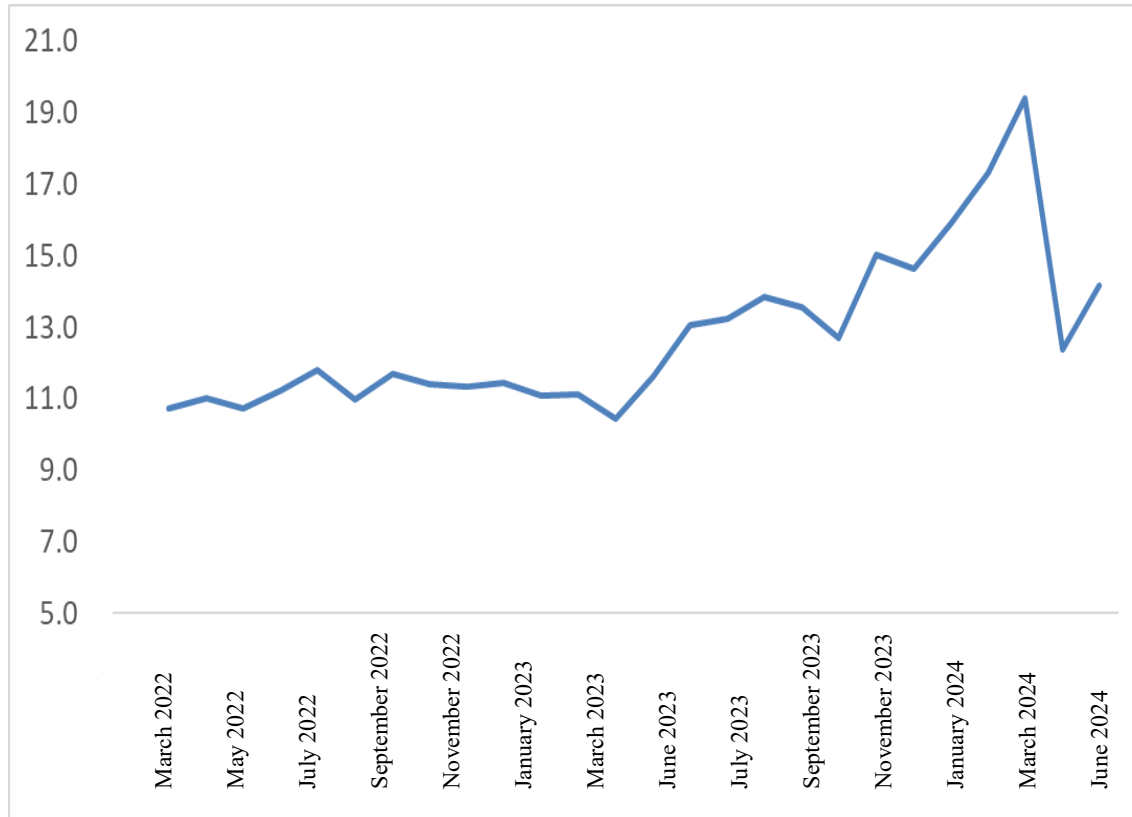
E: Shareholders' equity, D: Interest-bearing debt

Note: Data source: Nikkei Value Search

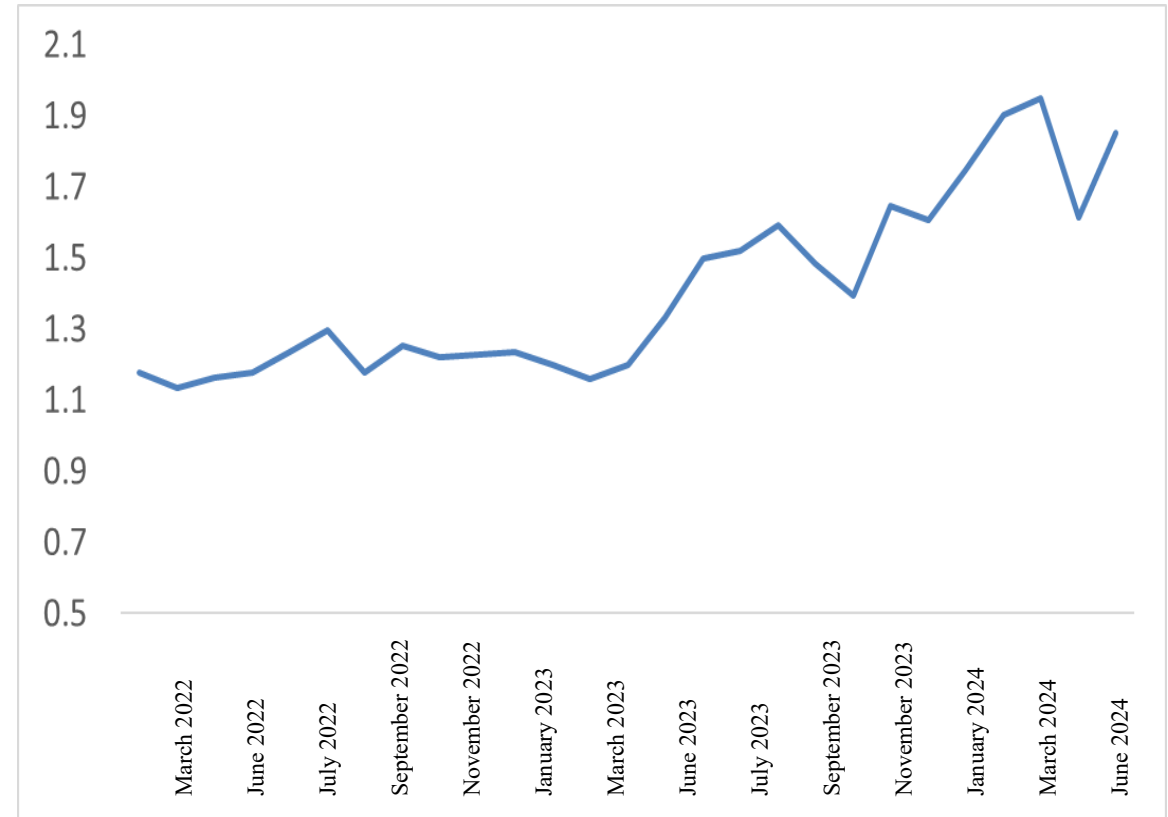
## (3) Stock market valuation

- Both PER and PBR are improving as the stock price has increased since May 2023.
- Since April 2024, stock prices have entered an adjustment phase, and PER and PBR have both tended to decrease.

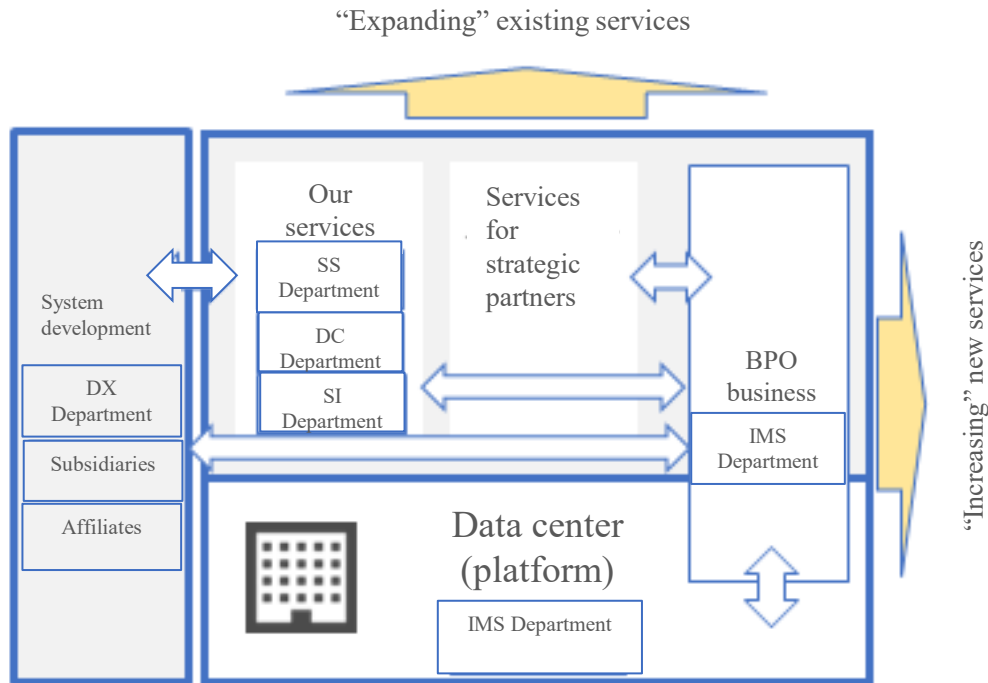
### Changes in the PER



### Changes in the PBR



(4) Initiatives to enhance corporate value: Enhancing the platform strategy



[https://www.inet.co.jp/news/docs/20230731\\_03.pdf](https://www.inet.co.jp/news/docs/20230731_03.pdf)

1) Offering services related to development systems

- Increasing sales of LOAN RANGER®UC and Supply Linker, which are our own SaaS systems
- Received our first order for LOAN RANGER®UC in July 2024

2) Enhancing strategic collaboration

- Released a SaaS-based management integration system in collaboration with our capital partner PRIMAL Inc.
- Enhancing partnerships with startups and enhancing services deployed in our cloud
- Seeking to expand sales of products we developed by collaborating with major system vendors

3) New business initiatives

- Launched a care taxi app as part of an initiative in the MaaS business

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(5) An initiative to increase corporate value: A third data center

Reasons we are considering building a new data center

- 1) Responding to strong demand
  - Increased utilization of existing centers
- 2) Responding to the latest technology
  - Responding to the introduction of high-performance servers for generative AI, such as GPU servers

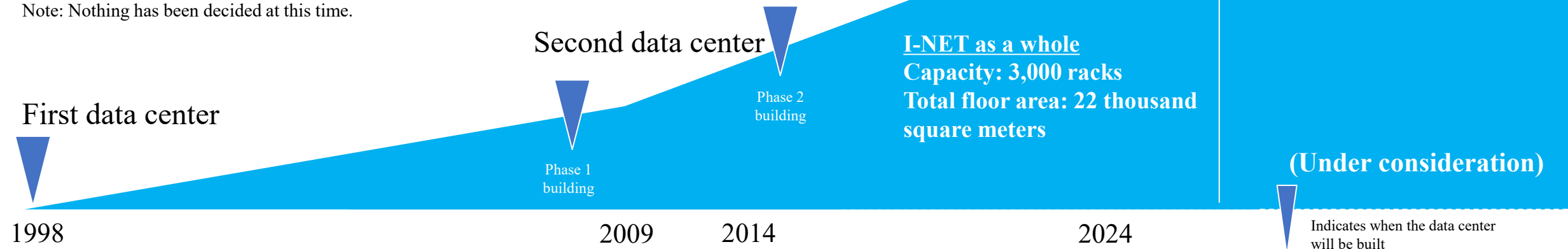


Second data center

Status of deliberations at this time

- 1) There are several potential sites
- 2) Leasing and M&A are also being considered
- 3) Utilization of BPO Centers

Note: Nothing has been decided at this time.



1998

2009

2014

2024

(6) An initiative to increase corporate value: Improving capital efficiency

(1) Reducing cross-shareholdings (currently, approx. 15% of net assets as of March 31, 2024)

- The purpose of holding shares should be clear and it should be strategically necessary.
- Whether shares should continue to be held or not will be verified individually. In addition to verification in terms of strategy, when verifying the economic rationale for holding shares we will base our decisions on the Company's cost of capital.
- Specific goals will be set during the first half of the year to specify the dissolution of cross-held shares.

(2) Seeking appropriate shareholder equity

- In order to improve the return on capital, we will provide appropriate shareholder returns and limit ballooning shareholder equity.
- When acquiring treasury stock, the Company's policy is to give due consideration to the liquidity of the Company's shares in the market.



(7) An initiative to increase corporate value: Investment in non-financial assets

In order to make effective use of human capital, we are working toward the following goals\*.

Indicator	Goal*	Actual results (as of March 31, 2024)
Percentage of women in management positions	12% by the end of March 2026	8.7%
Percentage of male workers taking childcare leave	70% by the end of March 2026	70.6%
Wage gap between male and female workers	75% by the end of March 2026	71.1%

The employment rate for people with disabilities in our Group was 2.6% (as of March 31, 2024)

\*Figures for the Company alone

- **Human resource development**  
Developing human resources with a high level of expertise through training programs and encouraging them to obtain qualifications
- **Ensuring diversity**  
Having women account for at least 40% of the new graduates hired, recruiting foreign human resources, and introducing a partnership system
- **Improving conditions in-house**  
Promoting health and productivity management and improving working conditions that take life stages and a work-life balance into account

(8) An initiative to increase corporate value: Increasing shareholder returns and improving IR

Adopting a new policy on shareholder returns, in the form of a total return ratio, starting this fiscal year to improve shareholder returns

A total return ratio of 40% or more as a guide

We will continue to pay consistent dividends and strive to maintain internal reserves to meet future capital needs.

As in the past, we intend to strive for “consistent dividends” and “increased dividends” and to further increase shareholder returns by repurchasing our own shares.

In order to enhance IR activities, the following measures will be implemented in the current fiscal year

- (1) Individual briefings for analysts and institutional investors (18 briefings were held during the fiscal year that ended March 31, 2024, 9 briefings were held in the 1Q of the fiscal year ending March 31, 2025)
- (2) Increasing the frequency of individual investor briefings (2 briefings were held during the fiscal year that ended March 31, 2024, 1 briefing was held in the 1Q of the fiscal year ending March 31, 2025)
- (3) Enhancing the dissemination of information through videos (to describe financial results, businesses, products, and Group companies)

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## <Inquires>

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