March 15, 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 Head of Management Planning Department	Masahiro Shiga
Telephone	045 (682) 0806	

Measures toward the achievement of management conscious of the cost of capital and stock price

I-NET Corp. (below, the "Company") has been considering future initiatives based on an analysis of our current situation regarding measures toward the achievement of management 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.

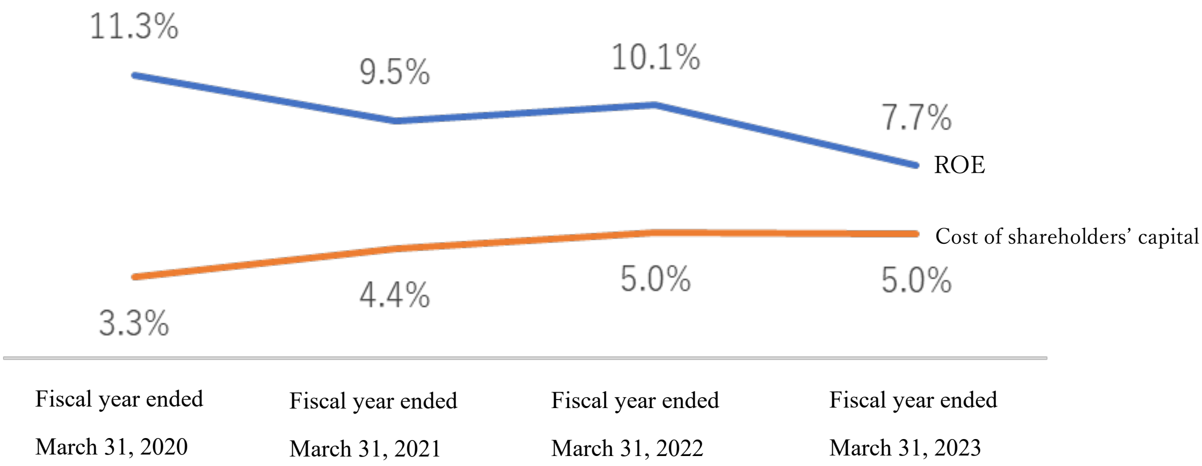
Details

1. Analysis of current situation

(1) Return on capital / cost of capital

[Return on equity (ROE) and cost of shareholders’ capital]

ROE and cost of shareholders’ capital

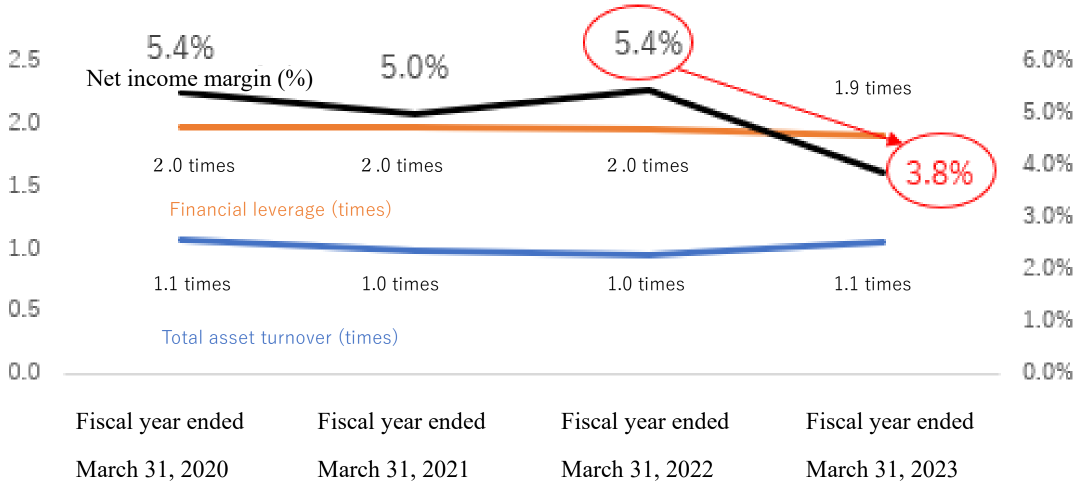


Comparing our return on equity (ROE) over the past four fiscal year, it has been exceeding the cost of shareholder's equity.

However, the difference (spread/premium) has been narrowing, with the most recent decline occurring in the fiscal year ended March 31, 2023.

[Factors contributing to the decline in the Company’s return on capital]

Components of ROE

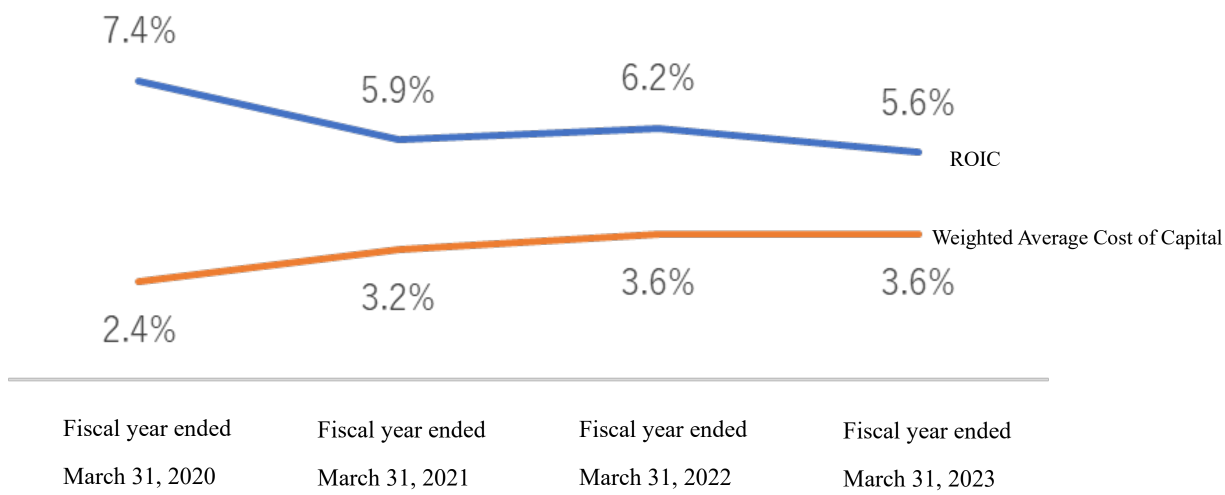


An analysis of the components of ROE (ROE = net income margin x total asset turnover (times) x financial leverage (times)) shows that the decrease in ROE was due to the decline in the net income margin on sales. We recognize that improving profitability, particularly cost management, is an important management issue for enhancing our return on capital.

In addition, the increase in the cost of capital was due to the increase in market interest rates and the volatility associated with the rise in our stock price, and we judge this trend will continue in the future.

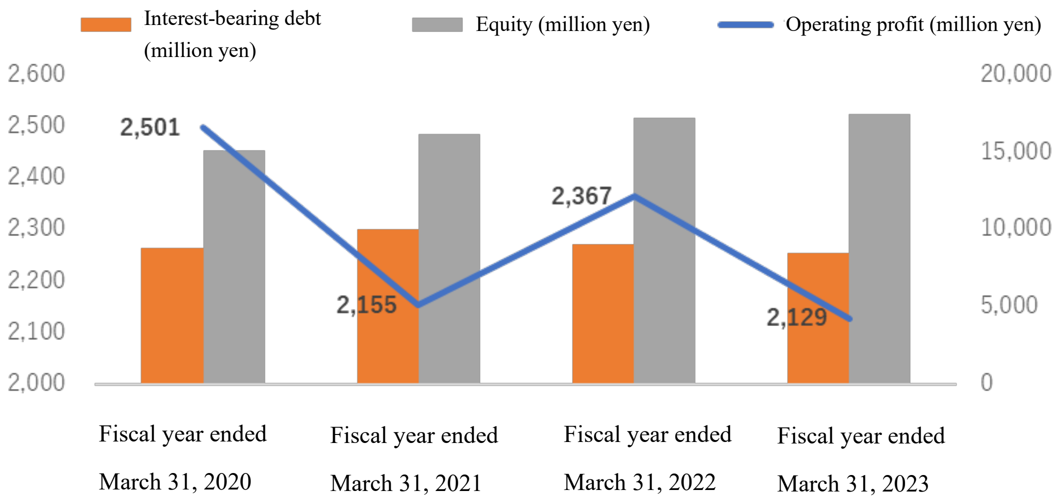
[Return on invested capital (ROIC) and weighted average cost of capital (WACC)]

ROIC and WACC



Our return on invested capital (ROIC) is on a declining trend similar to ROE, and the difference (spread/premium) has also been narrowing. The increase in weighted average cost of capital (WACC) has been more gradual than the rise in the cost of shareholder's equity.

Components of ROIC

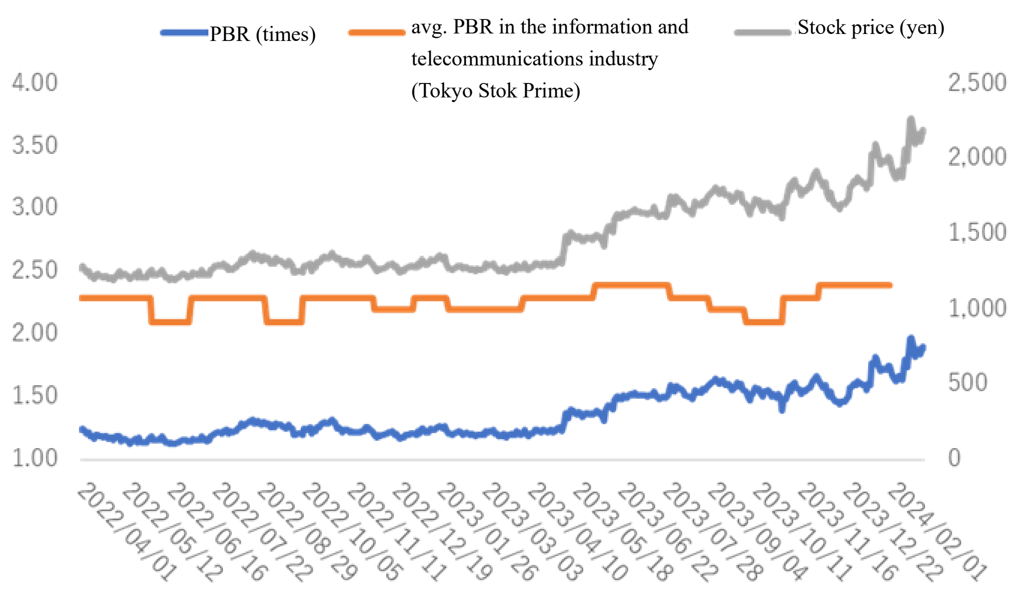


Although our equity has built up each fiscal year, our interest-bearing debt remains at a constant level. Going forward, we intend to maintain low-cost financing and achieve further growth by controlling excessive increases in equity and appropriately using interest-bearing debt, which has relatively low financing costs.

Our level of interest-bearing debt is maintained at less than twice the EBITDA (earnings before interest, taxes, depreciation, and amortization), which ensures our financial health is well preserved.

(2) Market valuation

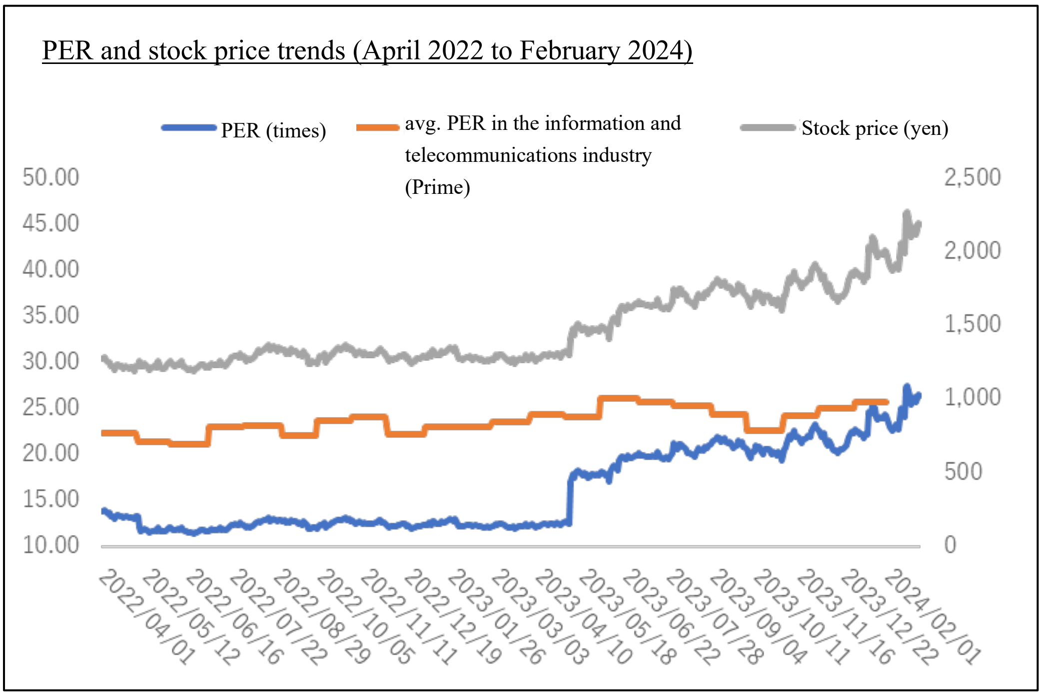
PBR and stock price trends (April 2022 to February 2024)



Our stock price indicators (PER/PBR) are on an upward trend along with the rise in the stock price from May 2023.

Until the previous fiscal year, our PBR had remained in the range slightly above 1.0x, which is about half of the average value of a little above average (2.0) for the information and telecommunications industry (Tokyo Stok Market Prime listed).

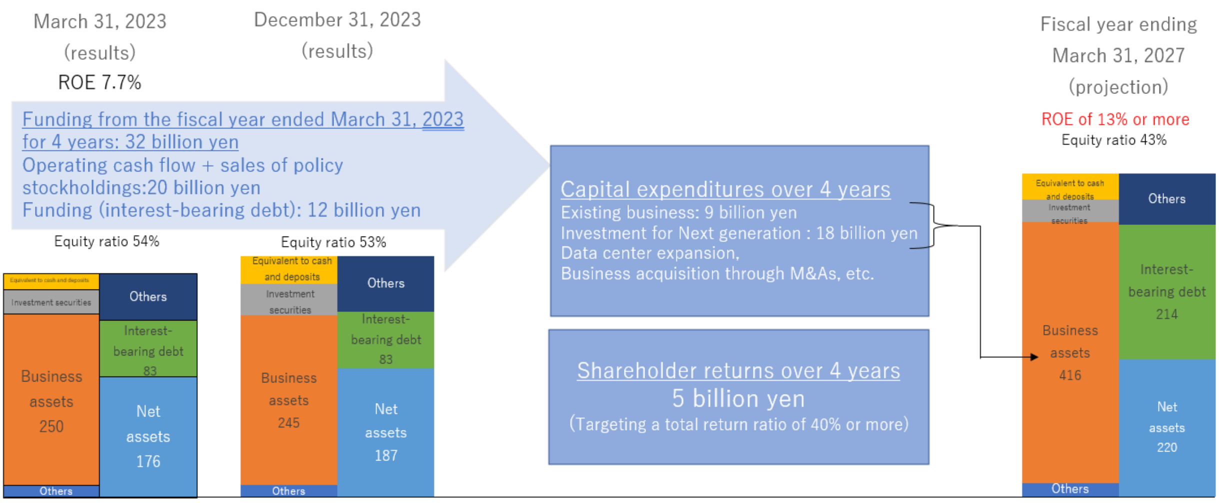
Since the beginning of the current fiscal year, with the rise in our stock price, our stock price indicators have also been on an upward trend, with the PBR recently trending at the 1.8 to 1.9 times level. While this is equivalent to 70% to 80% of the recent average of 2.4 times for the information and telecommunications industry (Prime listed), we recognize that we must continue to make efforts to improve the PBR, as it is still below the industry average.



Our PER has significantly improved with the increase in our stock price in the current fiscal year. It has reached a level surpassing the average of 25 to 26 times for the average in the information and communication industry (Tokyo Stock Market Prime listed) recently.

2． Status of initiatives

(1) Capitalpolicy



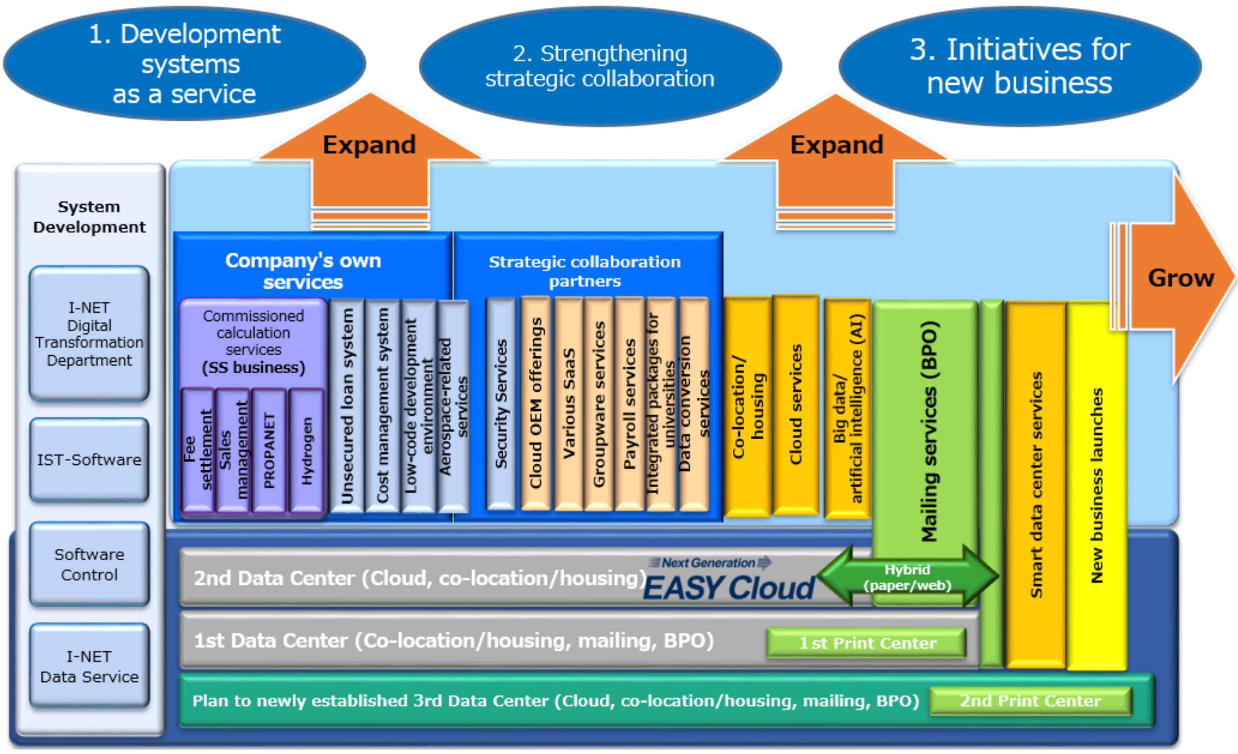
We intend to maintain high growth by actively allocating future operating cash flow to next-generation investments including data centers. We will also gradually reduce policy stockholdings and use the funds for capital expenditures in growth areas.

In addition, we will work to maximize ROE by enhancing shareholder returns and restraining the unlimited increase in net assets.

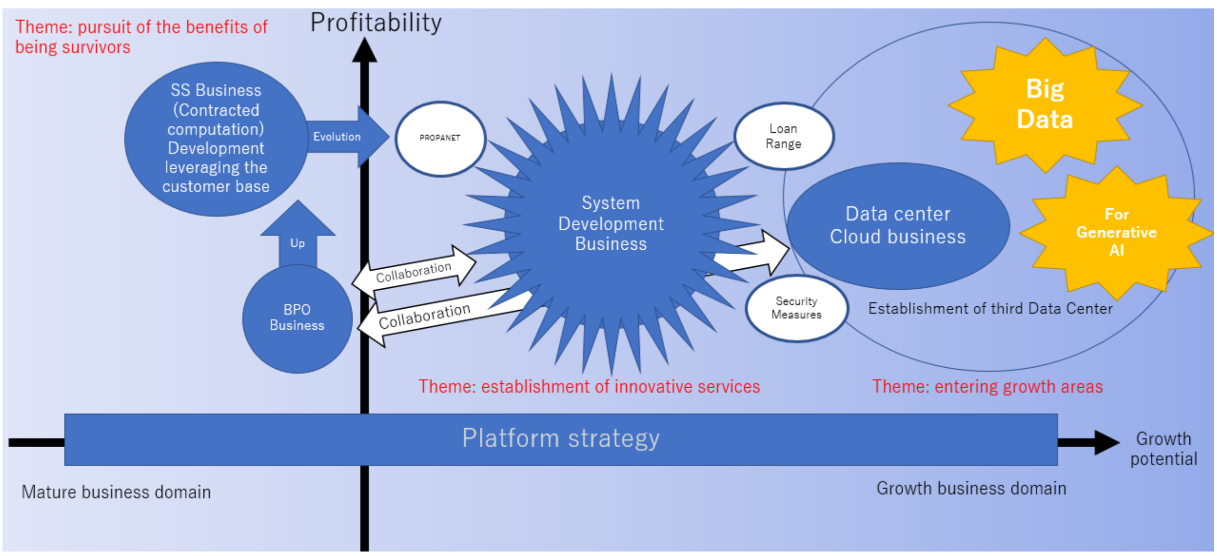
By implementing the above measures, we will endeavor to achieve an equity ratio of 43%, ROE of 13% or more, and investment securities to be less than about 15% of equity by the fiscal year ending March 31, 2027.

(2) Growth strategy

Regardless of how society changes, the Group will **expand business** with and **grow the number** of services and partners on our platforms in a way adapted to these changes.



We have flexibly changed the services we offer to customers in line with the changing times. Our core business strategy for our business model is a platform strategy based on our own data centers.



We are engaged in multiple businesses. Going forward, we will boldly redistribute our management resources while balancing the growth and profitability of each business to expand earnings and maintain high growth potential.

While aggressively investing in growth business areas, we will transform existing businesses in mature industry areas where we have strengths into businesses that contribute to improving the profitability of the entire company by pursuing the benefits of being survivors.

(3) Efforts to reduce the cost of capital

① Response to TCFD recommendations

In order to achieve a sustainable society, we have established specific targets to reduce greenhouse gas emissions for the entire Group starting the current fiscal year. We have set a goal to reduce the Group's greenhouse gas emissions (Scope 1 and 2) by at least 50% by FY2030 compared to FY2022, and to achieve carbon neutrality by FY2040.

At the same time, we have made it clear that we will be more active in our efforts to reduce greenhouse gas emissions by joining the TCFD Consortium.

We are also switching the electricity used in our data centers to renewable energy sources to reduce the impact of the risk of international fossil fuel price fluctuations on our operations.

② Diversity and utilization of human resources

We have established the I-NET Corporate Action Charter, and one of our actions is to respect the diversity, personality, and individuality of employees and create a workplace environment where employees can demonstrate their own abilities and vitality. We have high expectations for the synergy created by employees with diverse values, including women and foreign human resources. In October 2018, we established the Diversity Promotion Office within the Human Resources Division, in an aim to strategically utilize the abilities and individuality of diverse human resources regardless of gender, age, nationality, disability, sexual orientation, gender identity, values, marital status, presence of children, or working style.

As of January 31, 2024, women accounted for 26.3% of our employees, 8.6% of our managers were women, and 30% of our officers were women. We aim to increase the percentage of female managers to 12% by March 31, 2026.

We are developing our internal environment so that diverse human resources, including women, can choose their working style according to their life stage, regardless of the presence of partners or children. We are also promoting the taking of paternity leave by men, and make special efforts to support a good balance between work and childcare.

We are also actively hiring foreign nationals. As part of our efforts to create an environment in which foreign nationals can play an active role after joining our company, we also provide opportunities for interaction. In addition, we conduct activities to deepen the understanding of employees of LGBTQ and other sexual minorities. We have introduced a partnership system that recognizes same-sex partners as spouses.

The employment ratio of people with disabilities at the Group was 2.6% as of January 31, 2024. The Group has established a special subsidiary, I-NET DATA SERVICE CORP., where employees with disabilities are engaged in work suitable to their individual abilities and aptitudes.

③ IR and PR activities

We recognize that dialogue with shareholders and investors is indispensable for improving corporate value, and as a rule, the Representative Director himself takes the stage as a presenter at financial results briefings and briefings for individual investors.

The following activities were conducted in FY2023.

Briefings for analysts and institutional investors: 2 times (annual financial results and 2Q financial results; presenter: Representative Director)

Briefings for individual investors: 2 times (presenter: Representative Director)

1 on 1 meetings with analysts and institutional investors: 15 times (presenter: Head of Management Planning Department)

In February 2024, we resumed the in-person briefings for individual investors that had been suspended due to the corona virus pandemic. We recognize the need for improvement regarding the level of participation and number of investor briefings held in FY2023. We plan to actively participate in investor briefings going forward.

In addition, from January 2024, we started posting financial results briefings and business introduction IR videos on an IR video distribution platform to provide more opportunities for understanding our management policies and the nature of our business. We plan to actively utilize video distribution as well.

(4) Appropriate compensation

We have introduced a restricted stock compensation program for directors and executive officers as part of their compensation starting in May 2019, in an effort to strengthen the commitment of management to the stock price.

Since the fiscal year ended March 31, 2023, to achieve fair compensation and pay raises for employees, we have reviewed the prices of services and products we offer and achieved a pay raise for employees (average annualized salary increase of 4.2% for the fiscal year ended March 31, 2024).

We intend to continue to work to raise pay in the fiscal year ending in March 31, 2025 as well. We plan to make further improvements to employee pay by aiming for an average annual pay raise of 7%, and by introducing a compensation system aligned with corporate performance and an evaluation system that rewards individual efforts.

3. <u>Future outlook</u>

Under our Medium-term Management Plan (fiscal year ended March 31, 2022 to fiscal year ending March 31, 2025), of which the current fiscal year is the second, we have set numerical targets to achieve net sales of 40 billion yen, operating profit of 3.2 billion yen, operating margin of 8.0%, and ROE of 10% or higher in the fiscal year ending March 31, 2025, the final year of the plan.

In order to achieve management conscious of the cost of capital and stock price in our Medium-term Management Plan, we intend to further analyze our company, reflect the results in our management efforts, and disclose the results both internally and externally.

In the next three-year Medium-term Management Plan starting in the fiscal year ending in March 31, 2026, we plan to advance management conscious of the cost of capital and stock price by thoroughly analyzing the initiatives and results of the current Medium-term Management Plan.

End