

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 9, 2024

Company name: I-NET Corp.
 Stock exchange listing: Tokyo
 Stock code: 9600 URL <https://www.inet.co.jp>
 Representative: Representative Director and Executive Tomomichi Saeki
 President
 Executive Officer, Head of Finance
 Inquiries: Department Joji Ishiwata TEL 045-682-0806
 Scheduled date of ordinary general meeting of shareholders: June 25, 2024
 Scheduled date to file Securities Report: June 25, 2024
 Scheduled date to commence dividend payments: June 26, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	37,763	7.9	2,887	35.6	2,935	34.9	2,197	63.6
Year ended March 31, 2023	34,988	12.3	2,129	(10.1)	2,175	(14.4)	1,343	(20.7)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	137.50	–	11.7	8.4	7.6
Year ended March 31, 2023	84.06	–	7.7	6.6	6.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	37,607	20,097	53.4	1,257.26
As of March 31, 2023	32,630	17,581	53.9	1,099.90

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	6,665	(1,793)	(1,902)	5,279
Year ended March 31, 2023	2,239	(2,118)	(1,496)	2,310

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	24.00	–	24.00	48.00	767	57.1	4.4
Year ended March 31, 2024	–	26.00	–	27.00	53.00	847	38.5	4.5
Year ending March 31, 2025 (Forecast)	–	28.00	–	28.00	56.00		34.1	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	40,420	7.0	3,250	12.6	3,225	9.9	2,625	19.4	164.22

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: Yes

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	16,242,424 shares	As of March 31, 2023	16,242,424 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	257,684 shares	As of March 31, 2023	257,521 shares
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Average number of shares during the period

Year ended March 31, 2024	15,984,824 shares	Year ended March 31, 2023	15,982,944 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	2,310,183	5,279,892
Notes receivable - trade	93,488	113,168
Accounts receivable - trade	6,035,796	5,739,439
Contract assets	1,158,127	794,758
Merchandise and finished goods	43,597	164,259
Work in process	110,797	152,618
Raw materials and supplies	48,832	92,837
Other	445,580	477,061
Allowance for doubtful accounts	(370)	(245)
Total current assets	10,246,033	12,813,790
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,638,176	21,953,369
Accumulated depreciation	(10,275,791)	(11,343,412)
Buildings and structures, net	10,362,384	10,609,956
Land	2,966,336	2,954,476
Leased assets	275,385	383,686
Accumulated depreciation	(95,933)	(92,546)
Leased assets, net	179,451	291,139
Construction in progress	137,570	231,426
Other	4,365,886	4,658,563
Accumulated depreciation	(3,060,108)	(3,485,709)
Other, net	1,305,777	1,172,854
Total property, plant and equipment	14,951,521	15,259,853
Intangible assets		
Goodwill	165,433	135,803
Software	1,895,013	2,097,223
Other	33,153	381
Total intangible assets	2,093,600	2,233,408
Investments and other assets		
Investment securities	3,566,869	4,854,983
Retirement benefit asset	907,910	1,451,869
Deferred tax assets	148,402	114,500
Other	744,236	907,280
Allowance for doubtful accounts	(28,259)	(28,241)
Total investments and other assets	5,339,159	7,300,392
Total non-current assets	22,384,280	24,793,654
Total assets	32,630,314	37,607,445

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,743,329	2,171,721
Short-term borrowings	3,068,448	2,714,508
Lease liabilities	69,611	103,662
Income taxes payable	282,283	783,704
Contract liabilities	405,714	576,559
Provision for bonuses	963,633	1,019,786
Provision for loss on orders received	460	70,566
Asset retirement obligations	–	61,817
Other	2,761,060	4,543,028
Total current liabilities	9,294,540	12,045,355
Non-current liabilities		
Long-term borrowings	5,239,226	4,584,718
Lease liabilities	128,305	219,911
Deferred tax liabilities	124,496	479,938
Retirement benefit liability	42,020	550
Asset retirement obligations	190,961	172,021
Other	28,944	7,944
Total non-current liabilities	5,753,953	5,465,083
Total liabilities	15,048,493	17,510,439
Net assets		
Shareholders' equity		
Share capital	3,203,992	3,203,992
Capital surplus	3,147,381	3,147,381
Retained earnings	11,161,262	12,559,884
Treasury shares	(304,545)	(304,839)
Total shareholders' equity	17,208,090	18,606,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	526,977	1,264,573
Remeasurements of defined benefit plans	(153,248)	226,013
Total accumulated other comprehensive income	373,729	1,490,586
Total net assets	17,581,820	20,097,006
Total liabilities and net assets	32,630,314	37,607,445

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	(Thousands of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	34,988,835	37,763,384
Cost of sales	27,814,748	29,515,305
Gross profit	7,174,086	8,248,079
Selling, general and administrative expenses	5,044,845	5,360,793
Operating profit	2,129,241	2,887,285
Non-operating income		
Interest income	27	29
Dividend income	52,158	68,778
Subsidy income	17,143	22,440
Gain on investments in investment partnerships	7,077	–
Other	29,894	32,532
Total non-operating income	106,301	123,780
Non-operating expenses		
Interest expenses	43,023	35,391
Share of loss of entities accounted for using equity method	1,263	5,497
Loss on investments in investment partnerships	–	24,414
Commission expenses	13,201	9,286
Other	2,662	794
Total non-operating expenses	60,150	75,384
Ordinary profit	2,175,391	2,935,681
Extraordinary income		
Gain on sale of investment securities	11,257	285,496
Gain on reversal of asset retirement obligations	–	6,762
Gain on sale of non-current assets	–	6,067
Total extraordinary income	11,257	298,325
Extraordinary losses		
Losses related to head office relocation	–	39,776
Loss on retirement of non-current assets	17,893	35,562
Impairment losses	–	30,376
Loss on cancellation of leases	–	1,627
Loss on sale of golf club membership	–	54
Loss on valuation of investment securities	79,008	–
Loss on sale of non-current assets	51,748	–
Compensation for damage	43,139	–
Total extraordinary losses	191,789	107,397
Profit before income taxes	1,994,860	3,126,610
Income taxes - current	641,735	1,016,452
Income taxes - deferred	9,558	(87,707)
Total income taxes	651,293	928,744
Profit	1,343,566	2,197,865
Profit attributable to owners of parent	1,343,566	2,197,865

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,343,566	2,197,865
Other comprehensive income		
Valuation difference on available-for-sale securities	(159,492)	737,595
Remeasurements of defined benefit plans, net of tax	(159,067)	379,262
Total other comprehensive income	(318,559)	1,116,857
Comprehensive income	1,025,007	3,314,723
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,025,007	3,314,723
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,203,992	3,146,335	10,576,788	(314,986)	16,612,129
Changes during period					
Dividends of surplus			(759,092)		(759,092)
Profit attributable to owners of parent			1,343,566		1,343,566
Purchase of treasury shares				(796)	(796)
Disposal of treasury shares		1,045		11,237	12,283
Net changes in items other than shareholders' equity					
Total changes during period	–	1,045	584,474	10,440	595,960
Balance at end of period	3,203,992	3,147,381	11,161,262	(304,545)	17,208,090

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	686,469	5,818	692,288	17,304,418
Changes during period				
Dividends of surplus				(759,092)
Profit attributable to owners of parent				1,343,566
Purchase of treasury shares				(796)
Disposal of treasury shares				12,283
Net changes in items other than shareholders' equity	(159,492)	(159,067)	(318,559)	(318,559)
Total changes during period	(159,492)	(159,067)	(318,559)	277,401
Balance at end of period	526,977	(153,248)	373,729	17,581,820

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,203,992	3,147,381	11,161,262	(304,545)	17,208,090
Changes during period					
Dividends of surplus			(799,243)		(799,243)
Profit attributable to owners of parent			2,197,865		2,197,865
Purchase of treasury shares				(293)	(293)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,398,622	(293)	1,398,328
Balance at end of period	3,203,992	3,147,381	12,559,884	(304,839)	18,606,419

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	526,977	(153,248)	373,729	17,581,820
Changes during period				
Dividends of surplus				(799,243)
Profit attributable to owners of parent				2,197,865
Purchase of treasury shares				(293)
Net changes in items other than shareholders' equity	737,595	379,262	1,116,857	1,116,857
Total changes during period	737,595	379,262	1,116,857	2,515,185
Balance at end of period	1,264,573	226,013	1,490,586	20,097,006

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,994,860	3,126,610
Depreciation	1,910,211	2,118,943
Amortization of goodwill	29,629	29,629
Loss (gain) on sale of golf club membership	–	54
Loss on cancellation of leases	–	1,627
Impairment losses	–	30,376
Loss on retirement of non-current assets	17,893	35,562
Losses related to head office relocation	–	39,776
Loss on compensation for damage	43,139	–
Loss (gain) on sale of non-current assets	51,748	(6,067)
Gain on reversal of asset retirement obligations	–	(6,762)
Loss (gain) on sale of investment securities	(11,257)	(285,496)
Loss (gain) on valuation of investment securities	79,008	–
Increase (decrease) in allowance for doubtful accounts	315	(143)
Interest and dividend income	(52,185)	(68,807)
Interest expenses	43,023	35,391
Decrease (increase) in trade receivables	(602,521)	276,552
Decrease (increase) in contract assets	(290,998)	363,369
Decrease (increase) in inventories	126,531	(206,488)
Increase (decrease) in trade payables	47,614	428,392
Increase (decrease) in contract liabilities	(122,926)	170,845
Increase (decrease) in accrued consumption taxes	(47,413)	242,184
Other, net	(34,304)	819,024
Subtotal	3,182,368	7,144,574
Interest and dividends received	52,185	68,807
Compensation paid for damage	(58,472)	–
Proceeds from dividends income from investments in partnership	21,680	17,200
Interest paid	(43,033)	(35,899)
Income taxes paid	(914,767)	(529,295)
Net cash provided by (used in) operating activities	2,239,960	6,665,387
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,482,964)	(1,006,768)
Proceeds from sale of property, plant and equipment	113,883	15,558
Purchase of intangible assets	(671,497)	(626,048)
Payments of leasehold and guarantee deposits	(2,263)	(165,914)
Purchase of investment securities	(97,544)	(478,806)
Proceeds from sale of investment securities	13,433	480,329
Proceeds from redemption of investment securities	10,000	–
Other, net	(1,460)	(11,625)
Net cash provided by (used in) investing activities	(2,118,413)	(1,793,275)

	(Thousands of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	2,600,000	2,030,000
Repayments of long-term borrowings	(3,216,244)	(3,038,448)
Purchase of treasury shares	(312)	(293)
Dividends paid	(757,714)	(798,889)
Repayments of lease liabilities	(121,751)	(94,771)
Net cash provided by (used in) financing activities	(1,496,022)	(1,902,403)
Net increase (decrease) in cash and cash equivalents	(1,374,475)	2,969,709
Cash and cash equivalents at beginning of period	3,684,659	2,310,183
Cash and cash equivalents at end of period	2,310,183	5,279,892