

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

October 29, 2021

Company name: I-NET CORP.  
 Stock exchange listing: Tokyo  
 Stock code: 9600 URL <https://www.inet.co.jp>  
 Representative: Representative Director, Executive President Mitsuru Sakai  
 Inquiries: Director and Managing Executive Officer Naokatsu Uchida TEL 045-682-0806  
 Scheduled date to file Quarterly Securities Report: November 8, 2021  
 Scheduled date to commence dividend payments: December 3, 2021  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2021	14,935	0.3	986	18.9	1,095	28.2	715	92.1
Six months ended September 30, 2020	14,884	(3.1)	829	(34.0)	854	(31.7)	372	(55.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	44.78		-	
Six months ended September 30, 2020	23.34		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	31,785	16,898	53.2
As of March 31, 2021	32,056	16,212	50.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2021	-	22.00	-	24.00	46.00
Year ending March 31, 2022	-	23.50	-	-	-
Year ending March 31, 2022 (Forecast)	-	-	-	23.50	47.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	32,500	8.3	2,330	8.1	2,330	2.2	1,600	7.0	100.15

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2021	16,242,424 shares	As of March 31, 2021	16,242,424 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	266,258 shares	As of March 31, 2021	266,328 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	15,976,161 shares	Six months ended September 30, 2020	15,955,515 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	4,027,713	2,875,101
Notes and accounts receivable - trade	5,930,552	–
Notes and accounts receivable - trade, and contract assets	–	5,797,899
Merchandise and finished goods	176,790	182,765
Work in process	76,850	88,051
Raw materials and supplies	48,837	56,827
Other	301,345	436,687
Allowance for doubtful accounts	(405)	(396)
Total current assets	10,561,685	9,436,936
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,868,150	10,435,006
Land	3,108,756	3,108,756
Other, net	1,570,428	1,596,271
Total property, plant and equipment	15,547,334	15,140,034
Intangible assets		
Goodwill	231,556	211,594
Software	1,009,509	1,235,096
Other	53,747	50,882
Total intangible assets	1,294,813	1,497,573
Investments and other assets		
Investment securities	2,865,702	3,774,745
Retirement benefit asset	1,083,571	1,116,630
Other	731,629	847,162
Allowance for doubtful accounts	(28,122)	(27,920)
Total investments and other assets	4,652,780	5,710,617
Total non-current assets	21,494,929	22,348,225
Total assets	32,056,614	31,785,161

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	1,409,194	1,379,776
Short-term borrowings	3,039,768	3,101,888
Income taxes payable	511,594	438,312
Provision for bonuses	870,572	876,668
Provision for loss on construction contracts	1,773	5,827
Provision for loss on anti monopoly act	–	40,219
Other	2,792,111	3,068,229
Total current liabilities	8,625,013	8,910,922
Non-current liabilities		
Long-term borrowings	6,868,918	5,540,694
Retirement benefit liability	700	700
Asset retirement obligations	73,495	83,656
Other	275,657	350,701
Total non-current liabilities	7,218,770	5,975,752
Total liabilities	15,843,784	14,886,674
Net assets		
Shareholders' equity		
Share capital	3,203,992	3,203,992
Capital surplus	3,146,335	3,146,335
Retained earnings	9,890,484	9,972,799
Treasury shares	(315,059)	(314,956)
Total shareholders' equity	15,925,752	16,008,171
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	233,319	841,572
Remeasurements of defined benefit plans	53,757	48,742
Total accumulated other comprehensive income	287,077	890,315
Total net assets	16,212,830	16,898,487
Total liabilities and net assets	32,056,614	31,785,161

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

	(Thousands of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	14,884,778	14,935,646
Cost of sales	11,734,359	11,559,060
Gross profit	3,150,418	3,376,585
Selling, general and administrative expenses	2,320,700	2,389,994
Operating profit	829,718	986,591
Non-operating income		
Interest income	167	166
Dividend income	22,555	25,547
Subsidy income	29,480	74,563
Gain on investments in investment partnerships	–	36,317
Surrender value of insurance policies	25,050	216
Other	6,713	8,692
Total non-operating income	83,967	145,503
Non-operating expenses		
Interest expenses	25,271	23,866
Commission expenses	11,996	11,569
Loss on investments in investment partnerships	20,843	–
Other	1,091	848
Total non-operating expenses	59,203	36,284
Ordinary profit	854,482	1,095,810
Extraordinary income		
Gain on bargain purchase	–	28,076
Gain on sale of investment securities	–	4,563
Gain on sale of non-current assets	–	2,945
Total extraordinary income	–	35,585
Extraordinary losses		
Provision for loss on anti monopoly act	–	40,219
Loss on retirement of non-current assets	8,827	2,824
Special Retirement Payments	250,000	–
Loss on valuation of investment securities	22,616	–
Impairment losses	1,089	–
Total extraordinary losses	282,533	43,043
Profit before income taxes	571,949	1,088,352
Income taxes	199,499	373,018
Profit	372,450	715,333
Profit attributable to owners of parent	372,450	715,333

**Consolidated statements of comprehensive income (cumulative)**

	(Thousands of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	372,450	715,333
Other comprehensive income		
Valuation difference on available-for-sale securities	174,154	608,253
Remeasurements of defined benefit plans, net of tax	4,449	(5,015)
Total other comprehensive income	178,604	603,237
Comprehensive income	551,054	1,318,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	551,054	1,318,571
Comprehensive income attributable to non-controlling interests	-	-

**Consolidated statements of cash flows**

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	571,949	1,088,352
Depreciation	882,717	906,425
Impairment losses	1,089	–
Special Retirement Payments	250,000	–
Amortization of goodwill	19,962	19,962
Increase (decrease) in allowance for doubtful accounts	(27)	(210)
Interest and dividend income	(22,723)	(25,714)
Interest expenses	25,271	23,866
Decrease (increase) in trade receivables	227,293	354,663
Decrease (increase) in inventories	(20,914)	(31,184)
Increase (decrease) in trade payables	186,632	(29,417)
Increase (decrease) in accrued consumption taxes	(50,711)	(52,837)
Other, net	(125,659)	(418,638)
Subtotal	1,944,878	1,835,266
Interest and dividends received	22,722	25,714
Proceeds from dividends income from investments in partnership	15,490	29,200
Interest paid	(24,823)	(23,521)
Payments of retirement benefits for directors (and other officers)	(150,000)	–
Payments of special Retirement Payments	(250,000)	–
Income taxes paid	(404,067)	(443,279)
Net cash provided by (used in) operating activities	1,154,199	1,423,380
Cash flows from investing activities		
Purchase of property, plant and equipment	(823,282)	(369,177)
Purchase of intangible assets	(178,356)	(376,200)
Payments of leasehold and guarantee deposits	(530)	(127,138)
Purchase of investment securities	(212,556)	(11,807)
Proceeds from sale of investment securities	–	4,800
Other, net	47,442	18,008
Net cash provided by (used in) investing activities	(1,167,282)	(861,515)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	30,000	300,000
Proceeds from long-term borrowings	1,400,000	30,000
Repayments of long-term borrowings	(1,478,202)	(1,596,104)
Purchase of treasury shares	(105,431)	(14)
Proceeds from sale of treasury shares	125	118
Dividends paid	(341,401)	(382,866)
Repayments of lease obligations	(138,470)	(65,609)
Net cash provided by (used in) financing activities	(633,381)	(1,714,476)
Net increase (decrease) in cash and cash equivalents	(646,464)	(1,152,611)
Cash and cash equivalents at beginning of period	3,083,435	4,027,713
Cash and cash equivalents at end of period	2,436,971	2,875,101