

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 31, 2023

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 to file Quarterly Securities Report: November 8, 2023  
 Scheduled date to commence dividend payments: December 5, 2023  
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	18,979	12.9	1,575	48.7	1,601	49.0	1,041	60.7
Six months ended September 30, 2022	16,808	12.5	1,059	7.4	1,074	(1.9)	648	(9.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	65.19		-	
Six months ended September 30, 2022	40.57		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	35,352	18,743	53.0
As of March 31, 2023	32,630	17,581	53.9

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, 2023	-	24.00	-	24.00	48.00
Year ending March 31, 2024	-	26.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	26.00	52.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	37,700	7.7	2,750	29.2	2,900	33.3	2,020	50.3	126.37

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023  
(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: No
- 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, 2023	16,242,424 shares	As of March 31, 2023	16,242,424 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2023	257,584 shares	As of March 31, 2023	257,521 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	15,984,872 shares	Six months ended September 30, 2022	15,980,886 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	2,310,183	3,738,113
Notes and accounts receivable - trade, and contract assets	7,287,412	7,511,349
Merchandise and finished goods	43,597	31,839
Work in process	110,797	124,637
Raw materials and supplies	48,832	96,819
Other	445,580	609,923
Allowance for doubtful accounts	(370)	(222)
Total current assets	10,246,033	12,112,459
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,362,384	10,139,482
Land	2,966,336	2,959,099
Other, net	1,622,800	1,784,605
Total property, plant and equipment	14,951,521	14,883,187
Intangible assets		
Goodwill	165,433	150,618
Software	1,895,013	2,111,361
Other	33,153	33,153
Total intangible assets	2,093,600	2,295,133
Investments and other assets		
Investment securities	3,566,869	4,283,327
Retirement benefit asset	907,910	926,164
Other	892,639	880,890
Allowance for doubtful accounts	(28,259)	(28,259)
Total investments and other assets	5,339,159	6,062,121
Total non-current assets	22,384,280	23,240,442
Total assets	32,630,314	35,352,901

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,743,329	2,447,575
Short-term borrowings	3,068,448	3,584,368
Income taxes payable	282,283	629,949
Provision for bonuses	963,633	1,008,722
Provision for loss on orders received	460	25,328
Asset retirement obligations	–	44,178
Other	3,236,386	4,122,061
Total current liabilities	9,294,540	11,862,184
Non-current liabilities		
Long-term borrowings	5,239,226	4,065,842
Retirement benefit liability	42,020	53,398
Asset retirement obligations	190,961	153,881
Other	281,746	474,109
Total non-current liabilities	5,753,953	4,747,232
Total liabilities	15,048,493	16,609,416
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	11,819,605
Treasury shares	(304,545)	(304,649)
Total shareholders' equity	17,208,090	17,866,331
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	526,977	1,028,913
Remeasurements of defined benefit plans	(153,248)	(151,760)
Total accumulated other comprehensive income	373,729	877,153
Total net assets	17,581,820	18,743,484
Total liabilities and net assets	32,630,314	35,352,901

**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, 2022	Six months ended September 30, 2023
Net sales	16,808,505	18,979,782
Cost of sales	13,278,434	14,749,651
Gross profit	3,530,071	4,230,131
Selling, general and administrative expenses	2,470,540	2,654,503
Operating profit	1,059,530	1,575,628
Non-operating income		
Interest income	22	5
Dividend income	32,588	38,845
Gain on investments in investment partnerships	6,416	3,781
Other	11,265	10,763
Total non-operating income	50,292	53,395
Non-operating expenses		
Interest expenses	22,109	18,391
Commission expenses	11,569	8,386
Share of loss of entities accounted for using equity method	450	487
Other	715	109
Total non-operating expenses	34,844	27,374
Ordinary profit	1,074,978	1,601,648
Extraordinary income		
Gain on sale of non-current assets	–	5,644
Gain on sale of investment securities	8,027	–
Total extraordinary income	8,027	5,644
Extraordinary losses		
Loss on cancellation of leases	–	1,627
Loss on retirement of non-current assets	479	56
Loss on valuation of investment securities	49,999	–
Loss on sale of non-current assets	20,019	–
Total extraordinary losses	70,498	1,684
Profit before income taxes	1,012,506	1,605,608
Income taxes	364,146	563,627
Profit	648,360	1,041,981
Profit attributable to owners of parent	648,360	1,041,981

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

	(Thousands of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	648,360	1,041,981
Other comprehensive income		
Valuation difference on available-for-sale securities	(211,517)	501,936
Remeasurements of defined benefit plans, net of tax	(13,865)	1,488
Total other comprehensive income	(225,382)	503,424
Comprehensive income	422,977	1,545,405
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	422,977	1,545,405
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,012,506	1,605,608
Depreciation	923,140	1,006,813
Amortization of goodwill	14,814	14,814
Loss on cancellation of leases	–	1,627
Increase (decrease) in allowance for doubtful accounts	78	(147)
Interest and dividend income	(32,610)	(38,850)
Interest expenses	22,109	18,391
Loss on retirement of non-current assets	479	56
Loss (gain) on sale of non-current assets	20,019	(5,644)
Loss (gain) on valuation of investment securities	49,999	–
Decrease (increase) in trade receivables	128,633	(223,936)
Decrease (increase) in inventories	(23,845)	(50,068)
Increase (decrease) in trade payables	(84,205)	704,246
Increase (decrease) in contract liability	(45,980)	187,818
Increase (decrease) in accrued consumption taxes	(97,166)	193,140
Other, net	(237,990)	499,488
Subtotal	1,649,983	3,913,360
Interest and dividends received	32,610	38,850
Proceeds from dividends income from investments in partnership	16,160	11,840
Interest paid	(22,377)	(18,244)
Income taxes paid	(518,181)	(228,156)
Net cash provided by (used in) operating activities	1,158,195	3,717,649
Cash flows from investing activities		
Purchase of property, plant and equipment	(746,759)	(800,548)
Proceeds from sale of property, plant and equipment	24,770	15,135
Purchase of intangible assets	(422,847)	(396,172)
Payments of leasehold and guarantee deposits	(841)	(2,264)
Purchase of investment securities	(39,460)	(41,043)
Proceeds from sale of investment securities	13,384	17,494
Proceeds from redemption of investment securities	10,000	–
Other, net	(1,397)	(120)
Net cash provided by (used in) investing activities	(1,163,151)	(1,207,519)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	1,000,000
Proceeds from long-term borrowings	1,800,000	–
Repayments of long-term borrowings	(1,553,604)	(1,657,464)
Purchase of treasury shares	(117)	(103)
Dividends paid	(374,640)	(383,081)
Repayments of lease liabilities	(63,446)	(41,550)
Net cash provided by (used in) financing activities	(191,808)	(1,082,199)
Net increase (decrease) in cash and cash equivalents	(196,764)	1,427,930
Cash and cash equivalents at beginning of period	3,684,659	2,310,183
Cash and cash equivalents at end of period	3,487,894	3,738,113