

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 Year Ended March 31, 2021 (Based on Japanese GAAP)

May 7, 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 of ordinary general meeting of shareholders: June 24, 2021
 Scheduled date to file Securities Report: June 24, 2021
 Scheduled date to commence dividend payments: June 25, 2021
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	30,016	(3.5)	2,155	(13.8)	2,279	(9.9)	1,494	(10.6)
Year ended March 31, 2020	31,097	12.7	2,501	6.6	2,531	7.8	1,672	9.9

	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, 2021	93.62	–	9.5	7.4	7.2
Year ended March 31, 2020	105.13	–	11.3	8.7	8.0

(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, 2021	32,056	16,212	50.6	1,014.82
As of March 31, 2020	29,589	15,224	51.5	956.89

(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, 2021	3,419	(2,929)	454	4,027
Year ended March 31, 2020	3,965	(3,872)	(308)	3,083

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, 2020	–	21.50	–	21.50	43.00	684	40.9	4.6
Year ended March 31, 2021	–	22.00	–	24.00	46.00	734	49.1	4.7
Year ending March 31, 2022 (Forecast)	–	23.50	–	23.50	47.00		46.9	

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 year ended March 31, 2021

(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:

No

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, 2021	16,242,424 shares	As of March 31, 2020	16,242,424 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2021	266,328 shares	As of March 31, 2020	332,038 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2021	15,965,830 shares	Year ended March 31, 2020	15,907,601 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	3,083,435	4,027,713
Notes and accounts receivable - trade	5,739,386	5,930,552
Merchandise and finished goods	63,136	176,790
Work in process	153,810	76,850
Raw materials and supplies	172,023	48,837
Other	417,608	301,345
Allowance for doubtful accounts	(428)	(405)
Total current assets	9,628,973	10,561,685
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,653,755	19,173,931
Accumulated depreciation	(7,639,050)	(8,305,781)
Buildings and structures, net	10,014,704	10,868,150
Land	3,157,316	3,108,756
Leased assets	1,401,856	440,376
Accumulated depreciation	(1,097,283)	(302,918)
Leased assets, net	304,572	137,458
Construction in progress	465	1,594
Other	3,580,454	3,692,282
Accumulated depreciation	(2,182,439)	(2,260,907)
Other, net	1,398,015	1,431,375
Total property, plant and equipment	14,875,074	15,547,334
Intangible assets		
Goodwill	271,480	231,556
Software	855,323	1,009,509
Other	53,842	53,747
Total intangible assets	1,180,646	1,294,813
Investments and other assets		
Investment securities	2,227,981	2,865,702
Retirement benefit asset	843,711	1,083,571
Deferred tax assets	201,446	93,374
Other	633,161	638,254
Allowance for doubtful accounts	(1,343)	(28,122)
Total investments and other assets	3,904,956	4,652,780
Total non-current assets	19,960,677	21,494,929
Total assets	29,589,651	32,056,614

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	1,102,589	1,409,194
Short-term borrowings	2,872,844	3,039,768
Lease obligations	192,972	98,778
Income taxes payable	479,972	511,594
Provision for bonuses	908,143	870,572
Provision for loss on construction contracts	24,320	1,773
Other	2,826,349	2,693,332
Total current liabilities	8,407,192	8,625,013
Non-current liabilities		
Long-term borrowings	5,589,136	6,868,918
Lease obligations	163,947	68,030
Deferred tax liabilities	–	118,182
Retirement benefit liability	42,846	700
Asset retirement obligations	72,679	73,495
Other	89,336	89,444
Total non-current liabilities	5,957,946	7,218,770
Total liabilities	14,365,139	15,843,784
Net assets		
Shareholders' equity		
Share capital	3,203,992	3,203,992
Capital surplus	3,275,102	3,146,335
Retained earnings	9,089,268	9,890,484
Treasury shares	(356,390)	(315,059)
Total shareholders' equity	15,211,972	15,925,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	86,992	233,319
Remeasurements of defined benefit plans	(74,453)	53,757
Total accumulated other comprehensive income	12,538	287,077
Total net assets	15,224,511	16,212,830
Total liabilities and net assets	29,589,651	32,056,614

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

	(Thousands of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	31,097,421	30,016,039
Cost of sales	24,000,932	23,211,571
Gross profit	7,096,489	6,804,468
Selling, general and administrative expenses	4,594,871	4,648,967
Operating profit	2,501,617	2,155,500
Non-operating income		
Interest income	339	335
Dividend income	33,645	36,189
Subsidy income	17,618	128,059
Surrender value of insurance policies	417	25,050
Gain on investments in investment partnerships	20,297	–
Other	33,368	23,088
Total non-operating income	105,687	212,723
Non-operating expenses		
Interest expenses	54,645	49,695
Loss on investments in investment partnerships	–	20,903
Commission expenses	15,507	14,480
Other	5,728	3,579
Total non-operating expenses	75,881	88,658
Ordinary profit	2,531,422	2,279,565
Extraordinary income		
Gain on sale of investment securities	–	212,266
Gain on sale of non-current assets	11	4,891
Total extraordinary income	11	217,157
Extraordinary losses		
Special Retirement Payment	–	250,000
Loss on valuation of investment securities	–	22,616
Loss on sale of non-current assets	–	18,025
Loss on retirement of non-current assets	385	9,083
Impairment losses	75,681	1,511
Loss on valuation of golf club membership	3,310	–
Total extraordinary losses	79,376	301,236
Profit before income taxes	2,452,057	2,195,487
Income taxes - current	800,424	593,905
Income taxes - deferred	(20,675)	106,813
Total income taxes	779,749	700,719
Profit	1,672,308	1,494,767
Profit attributable to owners of parent	1,672,308	1,494,767

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,672,308	1,494,767
Other comprehensive income		
Valuation difference on available-for-sale securities	(73,209)	146,327
Remeasurements of defined benefit plans, net of tax	(85,073)	128,211
Total other comprehensive income	(158,283)	274,538
Comprehensive income	1,514,025	1,769,306
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,514,025	1,769,306
Comprehensive income attributable to non-controlling interests	-	-

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,203,992	3,274,129	8,077,012	(368,789)	14,186,345
Changes during period					
Dividends of surplus			(660,052)		(660,052)
Profit attributable to owners of parent			1,672,308		1,672,308
Purchase of treasury shares				(477)	(477)
Disposal of treasury shares		972		12,875	13,848
Net changes in items other than shareholders' equity					
Total changes during period	–	972	1,012,255	12,398	1,025,626
Balance at end of period	3,203,992	3,275,102	9,089,268	(356,390)	15,211,972

	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	160,201	10,620	170,822	14,357,167
Changes during period				
Dividends of surplus				(660,052)
Profit attributable to owners of parent				1,672,308
Purchase of treasury shares				(477)
Disposal of treasury shares				13,848
Net changes in items other than shareholders' equity	(73,209)	(85,073)	(158,283)	(158,283)
Total changes during period	(73,209)	(85,073)	(158,283)	867,343
Balance at end of period	86,992	(74,453)	12,538	15,224,511

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,203,992	3,275,102	9,089,268	(356,390)	15,211,972
Changes during period					
Dividends of surplus			(693,551)		(693,551)
Profit attributable to owners of parent			1,494,767		1,494,767
Purchase of treasury shares				(105,740)	(105,740)
Disposal of treasury shares		(128,766)		147,071	18,305
Net changes in items other than shareholders' equity					
Total changes during period	–	(128,766)	801,215	41,331	713,780
Balance at end of period	3,203,992	3,146,335	9,890,484	(315,059)	15,925,752

	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	86,992	(74,453)	12,538	15,224,511
Changes during period				
Dividends of surplus				(693,551)
Profit attributable to owners of parent				1,494,767
Purchase of treasury shares				(105,740)
Disposal of treasury shares				18,305
Net changes in items other than shareholders' equity	146,327	128,211	274,538	274,538
Total changes during period	146,327	128,211	274,538	988,319
Balance at end of period	233,319	53,757	287,077	16,212,830

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,452,057	2,195,487
Depreciation	1,710,309	1,744,052
Impairment losses	75,681	1,511
Special Retirement Payments	–	250,000
Amortization of goodwill	39,924	39,924
Increase (decrease) in allowance for doubtful accounts	(2,780)	26,755
Interest and dividend income	(33,984)	(36,525)
Interest expenses	54,645	49,695
Loss (gain) on sale of investment securities	–	(212,266)
Decrease (increase) in trade receivables	97,504	(217,945)
Decrease (increase) in inventories	114,819	86,492
Increase (decrease) in trade payables	27,064	306,604
Increase (decrease) in accrued consumption taxes	341,126	45,737
Other, net	(125,470)	90,356
Subtotal	4,750,897	4,369,880
Interest and dividends received	33,984	36,524
Proceeds from dividends income from investments in partnership	45,870	27,480
Interest paid	(55,303)	(50,038)
Payments of retirement benefits for directors (and other officers)	–	(150,000)
Payments Of Special Retirement Payments	–	(250,000)
Income taxes paid	(810,429)	(564,435)
Net cash provided by (used in) operating activities	3,965,017	3,419,411
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,332,613)	(2,306,176)
Purchase of intangible assets	(321,127)	(418,287)
Purchase of investment securities	(200,615)	(613,903)
Proceeds from sale of investment securities	–	352,550
Other, net	(18,553)	56,026
Net cash provided by (used in) investing activities	(3,872,911)	(2,929,790)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	170,000	(170,000)
Proceeds from long-term borrowings	3,130,000	4,500,000
Repayments of long-term borrowings	(2,639,640)	(2,883,294)
Purchase of treasury shares	(477)	(105,740)
Proceeds from sale of treasury shares	–	125
Dividends paid	(659,959)	(692,770)
Repayments of lease obligations	(308,427)	(193,663)
Net cash provided by (used in) financing activities	(308,504)	454,656
Net increase (decrease) in cash and cash equivalents	(216,397)	944,277
Cash and cash equivalents at beginning of period	3,299,833	3,083,435
Cash and cash equivalents at end of period	3,083,435	4,027,713