

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

July 30, 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: August 10, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2021 (from April 1, 2021 to June 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	%
Three months ended June 30, 2021	7,157	(2.5)	301	(12.2)	354	(4.1)	241	462.0
Three months ended June 30, 2020	7,341	0.8	343	(39.6)	369	(35.5)	42	(88.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	15.11		–	
Three months ended June 30, 2020	2.70		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	31,383	16,357	52.1
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	–				
Year ending March 31, 2022 (Forecast)		23.50	–	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 three months ended June 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 June 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 June 30, 2021	266,248 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)

Three months ended June 30, 2021	15,976,150 shares	Three months ended June 30, 2020	15,910,316 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	4,027,713	3,452,713
Notes and accounts receivable - trade	5,930,552	–
Notes and accounts receivable - trade, and contract assets	–	4,910,970
Merchandise and finished goods	176,790	195,035
Work in process	76,850	175,394
Raw materials and supplies	48,837	40,624
Other	301,345	441,649
Allowance for doubtful accounts	(405)	(253)
Total current assets	10,561,685	9,216,133
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,868,150	10,626,692
Land	3,108,756	3,108,756
Other, net	1,570,428	1,583,569
Total property, plant and equipment	15,547,334	15,319,017
Intangible assets		
Goodwill	231,556	221,575
Software	1,009,509	1,083,133
Other	53,747	53,724
Total intangible assets	1,294,813	1,358,433
Investments and other assets		
Investment securities	2,865,702	3,668,935
Retirement benefit asset	1,083,571	1,109,928
Other	731,629	739,014
Allowance for doubtful accounts	(28,122)	(27,943)
Total investments and other assets	4,652,780	5,489,934
Total non-current assets	21,494,929	22,167,385
Total assets	32,056,614	31,383,519

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	1,409,194	1,152,132
Short-term borrowings	3,039,768	2,942,708
Income taxes payable	511,594	169,369
Provision for bonuses	870,572	540,917
Provision for loss on construction contracts	1,773	3,182
Other	2,792,111	3,468,310
Total current liabilities	8,625,013	8,276,619
Non-current liabilities		
Long-term borrowings	6,868,918	6,270,906
Retirement benefit liability	700	700
Asset retirement obligations	73,495	73,826
Other	275,657	404,435
Total non-current liabilities	7,218,770	6,749,867
Total liabilities	15,843,784	15,026,487
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	9,498,894
Treasury shares	(315,059)	(314,941)
Total shareholders' equity	15,925,752	15,534,281
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	233,319	771,499
Remeasurements of defined benefit plans	53,757	51,250
Total accumulated other comprehensive income	287,077	822,749
Total net assets	16,212,830	16,357,031
Total liabilities and net assets	32,056,614	31,383,519

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

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	7,341,437	7,157,700
Cost of sales	5,798,051	5,601,311
Gross profit	1,543,385	1,556,388
Selling, general and administrative expenses	1,199,952	1,254,852
Operating profit	343,433	301,536
Non-operating income		
Interest income	81	80
Dividend income	16,504	19,680
Subsidy income	–	44,784
Surrender value of insurance policies	25,050	216
Other	2,775	3,656
Total non-operating income	44,412	68,419
Non-operating expenses		
Interest expenses	12,567	12,111
Loss on investments in investment partnerships	4,086	1,418
Other	1,635	2,180
Total non-operating expenses	18,289	15,711
Ordinary profit	369,556	354,244
Extraordinary income		
Gain on bargain purchase	–	28,076
Gain on sale of investment securities	–	4,563
Total extraordinary income	–	32,639
Extraordinary losses		
Special Retirement Payments	250,000	–
Impairment losses	562	–
Loss on retirement of non-current assets	67	–
Total extraordinary losses	250,629	–
Profit before income taxes	118,927	386,883
Income taxes	75,969	145,455
Profit	42,957	241,428
Profit attributable to owners of parent	42,957	241,428

Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	42,957	241,428
Other comprehensive income		
Valuation difference on available-for-sale securities	102,990	538,180
Remeasurements of defined benefit plans, net of tax	2,224	(2,507)
Total other comprehensive income	105,215	535,672
Comprehensive income	148,173	777,101
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	148,173	777,101
Comprehensive income attributable to non-controlling interests	-	-