

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, 2022 (Based on Japanese GAAP)

May 6, 2022

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, 2022  
 Scheduled date to file Securities Report: June 24, 2022  
 Scheduled date to commence dividend payments: June 27, 2022  
 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, 2022 (from April 1, 2021 to March 31, 2022)

#### (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, 2022	31,169	3.8	2,367	9.8	2,542	11.5	1,694	13.4
Year ended March 31, 2021	30,016	(3.5)	2,155	(13.8)	2,279	(9.9)	1,494	(10.6)

	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, 2022	106.08	–	10.1	7.8	7.6
Year ended March 31, 2021	93.62	–	9.5	7.4	7.2

#### (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, 2022	33,503	17,304	51.6	1,083.14
As of March 31, 2021	32,056	16,212	50.6	1,014.82

#### (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, 2022	3,715	(2,185)	(1,873)	3,684
Year ended March 31, 2021	3,419	(2,929)	454	4,027

### 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, 2021	–	22.00	–	24.00	46.00	734	49.1	4.7
Year ended March 31, 2022	–	23.50	–	23.50	47.00	750	44.3	4.5
Year ending March 31, 2023 (Forecast)	–	24.00	–	24.00	48.00		41.9	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	33,500	7.5	2,640	11.5	2,770	9.0	1,830	8.0	114.55

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

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, 2022	16,242,424 shares	As of March 31, 2021	16,242,424 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2022	266,281 shares	As of March 31, 2021	266,328 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2022	15,976,158 shares	Year ended March 31, 2021	15,965,830 shares
---------------------------	-------------------	---------------------------	-------------------

**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	4,027,713	3,684,659
Notes and accounts receivable - trade	5,930,552	–
Notes receivable - trade	–	99,473
Accounts receivable - trade	–	5,427,708
Contract assets	–	867,129
Merchandise and finished goods	176,790	179,768
Work in process	76,850	83,557
Raw materials and supplies	48,837	66,432
Other	301,345	293,375
Allowance for doubtful accounts	(405)	(473)
Total current assets	10,561,685	10,701,631
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,173,931	19,686,725
Accumulated depreciation	(8,305,781)	(9,296,706)
Buildings and structures, net	10,868,150	10,390,018
Land	3,108,756	3,108,756
Leased assets	440,376	454,396
Accumulated depreciation	(302,918)	(324,475)
Leased assets, net	137,458	129,920
Construction in progress	1,594	265,747
Other	3,692,282	3,986,416
Accumulated depreciation	(2,260,907)	(2,649,183)
Other, net	1,431,375	1,337,232
Total property, plant and equipment	15,547,334	15,231,675
Intangible assets		
Goodwill	231,556	195,063
Software	1,009,509	1,587,595
Other	53,747	50,956
Total intangible assets	1,294,813	1,833,615
Investments and other assets		
Investment securities	2,865,702	3,811,261
Retirement benefit asset	1,083,571	1,048,344
Deferred tax assets	93,374	114,940
Other	638,254	790,224
Allowance for doubtful accounts	(28,122)	(27,841)
Total investments and other assets	4,652,780	5,736,929
Total non-current assets	21,494,929	22,802,220
Total assets	32,056,614	33,503,851

	(Thousands of yen)	
	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	1,409,194	1,695,714
Short-term borrowings	3,039,768	3,065,848
Lease liabilities	98,778	97,486
Income taxes payable	511,594	558,140
Contract liabilities	-	606,794
Provision for bonuses	870,572	916,833
Provision for loss on construction contracts	1,773	27,590
Provision for loss on anti monopoly act	-	19,366
Other	2,693,332	2,915,707
Total current liabilities	8,625,013	9,903,482
Non-current liabilities		
Long-term borrowings	6,868,918	5,858,070
Lease liabilities	68,030	53,095
Deferred tax liabilities	118,182	224,551
Retirement benefit liability	700	500
Asset retirement obligations	73,495	130,789
Other	89,444	28,944
Total non-current liabilities	7,218,770	6,295,951
Total liabilities	15,843,784	16,199,433
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	10,576,788
Treasury shares	(315,059)	(314,986)
Total shareholders' equity	15,925,752	16,612,129
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	233,319	686,469
Remeasurements of defined benefit plans	53,757	5,818
Total accumulated other comprehensive income	287,077	692,288
Total net assets	16,212,830	17,304,418
Total liabilities and net assets	32,056,614	33,503,851

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

	(Thousands of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	30,016,039	31,169,800
Cost of sales	23,211,571	24,018,375
Gross profit	6,804,468	7,151,424
Selling, general and administrative expenses	4,648,967	4,783,856
Operating profit	2,155,500	2,367,568
Non-operating income		
Interest income	335	269
Dividend income	36,189	43,112
Subsidy income	128,059	104,129
Gain on investments in investment partnerships	–	44,061
Surrender value of insurance policies	25,050	216
Other	23,088	45,701
Total non-operating income	212,723	237,490
Non-operating expenses		
Interest expenses	49,695	45,997
Share of loss of entities accounted for using equity method	–	847
Commission expenses	14,480	14,480
Loss on investments in investment partnerships	20,903	–
Other	3,579	1,547
Total non-operating expenses	88,658	62,871
Ordinary profit	2,279,565	2,542,187
Extraordinary income		
Gain on bargain purchase	–	28,076
Gain on sale of shares of subsidiaries and associates	–	12,100
Gain on sale of investment securities	212,266	4,563
Gain on sale of non-current assets	4,891	2,945
Total extraordinary income	217,157	47,685
Extraordinary losses		
Provision for loss on anti monopoly act	–	27,996
Impairment losses	1,511	13,051
Loss on valuation of investment securities	22,616	5,948
Loss on retirement of non-current assets	9,083	2,892
Special Retirement Payment	250,000	–
Loss on sale of non-current assets	18,025	–
Total extraordinary losses	301,236	49,888
Profit before income taxes	2,195,487	2,539,984
Income taxes - current	593,905	825,865
Income taxes - deferred	106,813	19,356
Total income taxes	700,719	845,222
Profit	1,494,767	1,694,762
Profit attributable to owners of parent	1,494,767	1,694,762

**Consolidated statements of comprehensive income**

	(Thousands of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,494,767	1,694,762
Other comprehensive income		
Valuation difference on available-for-sale securities	146,327	453,150
Remeasurements of defined benefit plans, net of tax	128,211	(47,939)
Total other comprehensive income	274,538	405,211
Comprehensive income	1,769,306	2,099,973
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,769,306	2,099,973
Comprehensive income attributable to non-controlling interests	-	-

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,203,992	3,275,102	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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,203,992	3,146,335	9,890,484	(315,059)	15,925,752
Cumulative effects of changes in accounting policies			(249,592)		(249,592)
Restated balance	3,203,992	3,146,335	9,640,892	(315,059)	15,676,160
Changes during period					
Dividends of surplus			(758,866)		(758,866)
Profit attributable to owners of parent			1,694,762		1,694,762
Purchase of treasury shares				(45)	(45)
Disposal of treasury shares				118	118
Net changes in items other than shareholders' equity					
Total changes during period	–	–	935,895	73	935,968
Balance at end of period	3,203,992	3,146,335	10,576,788	(314,986)	16,612,129

	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	233,319	53,757	287,077	16,212,830
Cumulative effects of changes in accounting policies				(249,592)
Restated balance	233,319	53,757	287,077	15,963,238
Changes during period				
Dividends of surplus				(758,866)
Profit attributable to owners of parent				1,694,762
Purchase of treasury shares				(45)
Disposal of treasury shares				118
Net changes in items other than shareholders' equity	453,150	(47,939)	405,211	405,211
Total changes during period	453,150	(47,939)	405,211	1,341,180
Balance at end of period	686,469	5,818	692,288	17,304,418

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,195,487	2,539,984
Depreciation	1,744,052	1,841,997
Amortization of goodwill	39,924	36,492
Impairment losses	1,511	13,051
Gain on bargain purchase	–	(28,076)
Special Retirement Payments	250,000	–
Increase (decrease) in allowance for doubtful accounts	26,755	(213)
Interest and dividend income	(36,525)	(43,382)
Interest expenses	49,695	45,997
Loss (gain) on sale of shares of subsidiaries and associates	–	(12,100)
Loss (gain) on sale of investment securities	(212,266)	(4,563)
Decrease (increase) in trade receivables	(217,945)	(155,795)
Decrease (increase) in contract assets	–	(85,872)
Decrease (increase) in inventories	86,492	(33,400)
Increase (decrease) in trade payables	306,604	286,520
Increase (decrease) in contract liability	–	(46,041)
Increase (decrease) in accrued consumption taxes	45,737	22,977
Other, net	90,356	118,268
Subtotal	4,369,880	4,495,844
Interest and dividends received	36,524	43,382
Proceeds from dividends income from investments in partnership	27,480	39,497
Interest paid	(50,038)	(45,832)
Payments of retirement benefits for directors (and other officers)	(150,000)	(60,500)
Payments Of Special Retirement Payments	(250,000)	–
Income taxes paid	(564,435)	(756,691)
Net cash provided by (used in) operating activities	3,419,411	3,715,699
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,306,176)	(951,715)
Purchase of intangible assets	(418,287)	(858,459)
Payments of leasehold and guarantee deposits	(1,301)	(138,523)
Purchase of investment securities	(613,903)	(321,913)
Proceeds from sale of investment securities	352,550	20,800
Proceeds from redemption of investment securities	–	20,000
Other, net	57,327	44,771
Net cash provided by (used in) investing activities	(2,929,790)	(2,185,040)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(170,000)	–
Proceeds from long-term borrowings	4,500,000	2,030,000
Repayments of long-term borrowings	(2,883,294)	(3,014,768)
Purchase of treasury shares	(105,740)	(45)
Proceeds from sale of treasury shares	125	118
Dividends paid	(692,770)	(758,869)
Repayments of lease liabilities	(193,663)	(130,148)
Net cash provided by (used in) financing activities	454,656	(1,873,713)
Net increase (decrease) in cash and cash equivalents	944,277	(343,054)
Cash and cash equivalents at beginning of period	3,083,435	4,027,713
Cash and cash equivalents at end of period	4,027,713	3,684,659