

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2023
(Based on Japanese GAAP)**

May 9, 2023

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: Head of Finance Department Joji Ishiwata TEL 045-682-0806
 Scheduled date of ordinary general meeting of shareholders: June 22, 2023
 Scheduled date to file Securities Report: June 22, 2023
 Scheduled date to commence dividend payments: June 23, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	34,988	12.3	2,129	(10.1)	2,175	(14.4)	1,343	(20.7)
Year ended March 31, 2022	31,169	3.8	2,367	9.8	2,542	11.5	1,694	13.4

	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, 2023	84.06	–	7.7	6.6	6.1
Year ended March 31, 2022	106.08	–	10.1	7.8	7.6

(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, 2023	32,630	17,581	53.9	1,099.90
As of March 31, 2022	33,503	17,304	51.6	1,083.14

(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, 2023	2,239	(2,118)	(1,496)	2,310
Year ended March 31, 2022	3,715	(2,185)	(1,873)	3,684

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, 2022	–	23.50	–	23.50	47.00	750	44.3	4.5
Year ended March 31, 2023	–	24.00	–	24.00	48.00	767	57.1	4.4
Year ending March 31, 2024 (Forecast)	–	26.00	–	26.00	52.00		41.1	

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 year ended March 31, 2023

(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: Yes

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, 2023	16,242,424 shares	As of March 31, 2022	16,242,424 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	257,521 shares	As of March 31, 2022	266,281 shares
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Average number of shares during the period

Year ended March 31, 2023	15,982,944 shares	Year ended March 31, 2022	15,976,158 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,684,659	2,310,183
Notes receivable - trade	99,473	93,488
Accounts receivable - trade	5,427,708	6,035,796
Contract assets	867,129	1,158,127
Merchandise and finished goods	179,768	43,597
Work in process	83,557	110,797
Raw materials and supplies	66,432	48,832
Other	293,375	445,580
Allowance for doubtful accounts	(473)	(370)
Total current assets	10,701,631	10,246,033
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,686,725	20,638,176
Accumulated depreciation	(9,296,706)	(10,275,791)
Buildings and structures, net	10,390,018	10,362,384
Land	3,108,756	2,966,336
Leased assets	454,396	275,385
Accumulated depreciation	(324,475)	(95,933)
Leased assets, net	129,920	179,451
Construction in progress	265,747	137,570
Other	3,986,416	4,365,886
Accumulated depreciation	(2,649,183)	(3,060,108)
Other, net	1,337,232	1,305,777
Total property, plant and equipment	15,231,675	14,951,521
Intangible assets		
Goodwill	195,063	165,433
Software	1,587,595	1,895,013
Other	50,956	33,153
Total intangible assets	1,833,615	2,093,600
Investments and other assets		
Investment securities	3,811,261	3,566,869
Retirement benefit asset	1,048,344	907,910
Deferred tax assets	114,940	148,402
Other	790,224	744,236
Allowance for doubtful accounts	(27,841)	(28,259)
Total investments and other assets	5,736,929	5,339,159
Total non-current assets	22,802,220	22,384,280
Total assets	33,503,851	32,630,314

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,695,714	1,743,329
Short-term borrowings	3,065,848	3,068,448
Lease liabilities	97,486	69,611
Income taxes payable	558,140	282,283
Contract liabilities	606,794	405,714
Provision for bonuses	916,833	963,633
Provision for loss on construction contracts	27,590	460
Provision for loss on anti monopoly act	19,366	–
Other	2,915,707	2,761,060
Total current liabilities	9,903,482	9,294,540
Non-current liabilities		
Long-term borrowings	5,858,070	5,239,226
Lease liabilities	53,095	128,305
Deferred tax liabilities	224,551	124,496
Retirement benefit liability	500	42,020
Asset retirement obligations	130,789	190,961
Other	28,944	28,944
Total non-current liabilities	6,295,951	5,753,953
Total liabilities	16,199,433	15,048,493
Net assets		
Shareholders' equity		
Share capital	3,203,992	3,203,992
Capital surplus	3,146,335	3,147,381
Retained earnings	10,576,788	11,161,262
Treasury shares	(314,986)	(304,545)
Total shareholders' equity	16,612,129	17,208,090
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	686,469	526,977
Remeasurements of defined benefit plans	5,818	(153,248)
Total accumulated other comprehensive income	692,288	373,729
Total net assets	17,304,418	17,581,820
Total liabilities and net assets	33,503,851	32,630,314

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

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	31,169,800	34,988,835
Cost of sales	24,018,375	27,814,748
Gross profit	7,151,424	7,174,086
Selling, general and administrative expenses	4,783,856	5,044,845
Operating profit	2,367,568	2,129,241
Non-operating income		
Interest income	269	27
Dividend income	43,112	52,158
Subsidy income	104,129	17,143
Gain on investments in investment partnerships	44,061	7,077
Other	45,918	29,894
Total non-operating income	237,490	106,301
Non-operating expenses		
Interest expenses	45,997	43,023
Share of loss of entities accounted for using equity method	847	1,263
Commission expenses	14,480	13,201
Other	1,547	2,662
Total non-operating expenses	62,871	60,150
Ordinary profit	2,542,187	2,175,391
Extraordinary income		
Gain on sale of investment securities	4,563	11,257
Gain on bargain purchase	28,076	-
Gain on sale of shares of subsidiaries and associates	12,100	-
Gain on sale of non-current assets	2,945	-
Total extraordinary income	47,685	11,257
Extraordinary losses		
Loss on valuation of investment securities	5,948	79,008
Loss on sale of non-current assets	-	51,748
Compensation for damage	-	43,139
Loss on retirement of non-current assets	2,892	17,893
Provision for loss on anti monopoly act	27,996	-
Impairment losses	13,051	-
Total extraordinary losses	49,888	191,789
Profit before income taxes	2,539,984	1,994,860
Income taxes - current	825,865	641,735
Income taxes - deferred	19,356	9,558
Total income taxes	845,222	651,293
Profit	1,694,762	1,343,566
Profit attributable to owners of parent	1,694,762	1,343,566

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,694,762	1,343,566
Other comprehensive income		
Valuation difference on available-for-sale securities	453,150	(159,492)
Remeasurements of defined benefit plans, net of tax	(47,939)	(159,067)
Total other comprehensive income	405,211	(318,559)
Comprehensive income	2,099,973	1,025,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,099,973	1,025,007
Comprehensive income attributable to non-controlling interests	-	-

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,203,992	3,146,335	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

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,203,992	3,146,335	10,576,788	(314,986)	16,612,129
Changes during period					
Dividends of surplus			(759,092)		(759,092)
Profit attributable to owners of parent			1,343,566		1,343,566
Purchase of treasury shares				(796)	(796)
Disposal of treasury shares		1,045		11,237	12,283
Net changes in items other than shareholders' equity					
Total changes during period	–	1,045	584,474	10,440	595,960
Balance at end of period	3,203,992	3,147,381	11,161,262	(304,545)	17,208,090

	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	686,469	5,818	692,288	17,304,418
Changes during period				
Dividends of surplus				(759,092)
Profit attributable to owners of parent				1,343,566
Purchase of treasury shares				(796)
Disposal of treasury shares				12,283
Net changes in items other than shareholders' equity	(159,492)	(159,067)	(318,559)	(318,559)
Total changes during period	(159,492)	(159,067)	(318,559)	277,401
Balance at end of period	526,977	(153,248)	373,729	17,581,820

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,539,984	1,994,860
Depreciation	1,841,997	1,910,211
Amortization of goodwill	36,492	29,629
Loss on compensation for damage	–	43,139
Impairment losses	13,051	–
Loss on retirement of non-current assets	2,892	17,893
Loss (gain) on sale of non-current assets	(2,945)	51,748
Loss (gain) on valuation of investment securities	5,948	79,008
Gain on bargain purchase	(28,076)	–
Increase (decrease) in allowance for doubtful accounts	(213)	315
Interest and dividend income	(43,382)	(52,185)
Interest expenses	45,997	43,023
Loss (gain) on sale of shares of subsidiaries and associates	(12,100)	–
Loss (gain) on sale of investment securities	(4,563)	(11,257)
Decrease (increase) in trade receivables	(155,795)	(602,521)
Decrease (increase) in contract assets	(85,872)	(290,998)
Decrease (increase) in inventories	(33,400)	126,531
Increase (decrease) in trade payables	286,520	47,614
Increase (decrease) in contract liability	(46,041)	(122,926)
Increase (decrease) in accrued consumption taxes	22,977	(47,413)
Other, net	112,372	(34,304)
Subtotal	4,495,844	3,182,368
Interest and dividends received	43,382	52,185
Compensation paid for damage	–	(58,472)
Proceeds from dividends income from investments in partnership	39,497	21,680
Interest paid	(45,832)	(43,033)
Payments of retirement benefits for directors (and other officers)	(60,500)	–
Income taxes paid	(756,691)	(914,767)
Net cash provided by (used in) operating activities	3,715,699	2,239,960
Cash flows from investing activities		
Purchase of property, plant and equipment	(951,715)	(1,482,964)
Proceeds from sale of property, plant and equipment	–	113,883
Purchase of intangible assets	(858,459)	(671,497)
Payments of leasehold and guarantee deposits	(138,523)	(2,263)
Purchase of investment securities	(321,913)	(97,544)
Proceeds from sale of investment securities	20,800	13,433
Proceeds from redemption of investment securities	20,000	10,000
Other, net	44,771	(1,460)
Net cash provided by (used in) investing activities	(2,185,040)	(2,118,413)

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	2,030,000	2,600,000
Repayments of long-term borrowings	(3,014,768)	(3,216,244)
Purchase of treasury shares	(45)	(312)
Proceeds from sale of treasury shares	118	-
Dividends paid	(758,869)	(757,714)
Repayments of lease liabilities	(130,148)	(121,751)
Net cash provided by (used in) financing activities	<u>(1,873,713)</u>	<u>(1,496,022)</u>
Net increase (decrease) in cash and cash equivalents	<u>(343,054)</u>	<u>(1,374,475)</u>
Cash and cash equivalents at beginning of period	<u>4,027,713</u>	<u>3,684,659</u>
Cash and cash equivalents at end of period	<u>3,684,659</u>	<u>2,310,183</u>