

Translation

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**Summary of Consolidated Financial Results
for the Nine Months Ended December 31, 2019
(Based on Japanese GAAP)**

January 31, 2020

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: February 7, 2020
 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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(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	%
Nine months ended December 31, 2019	23,139	16.2	1,873	15.6	1,872	16.3	1,246	16.8
Nine months ended December 31, 2018	19,910	6.1	1,620	14.6	1,610	15.7	1,067	13.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2019	78.37	–
Nine months ended December 31, 2018	67.12	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	29,742	15,003	50.4
As of March 31, 2019	28,515	14,357	50.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	20.00	–	20.00	40.00
Year ending March 31, 2020	–	21.50	–		
Year ending March 31, 2020 (Forecast)				21.50	43.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	31,000	12.4	2,500	6.6	2,440	3.9	1,630	7.1	102.45

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2019
 (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 December 31, 2019	16,242,424 shares	As of March 31, 2019	16,242,424 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	331,882 shares	As of March 31, 2019	343,711 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2019	15,906,676 shares	Nine months ended December 31, 2018	15,898,795 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	3,299,833	3,143,467
Notes and accounts receivable - trade	5,836,688	5,637,678
Merchandise and finished goods	78,565	68,036
Work in process	118,862	335,994
Raw materials and supplies	306,600	217,996
Other	359,656	452,388
Allowance for doubtful accounts	(3,006)	(2,718)
Total current assets	9,997,201	9,852,842
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,331,916	9,174,609
Land	3,202,109	3,202,109
Other, net	1,948,899	2,298,878
Total property, plant and equipment	13,482,925	14,675,597
Intangible assets		
Goodwill	311,404	281,461
Software	853,473	824,295
Other	53,937	53,866
Total intangible assets	1,218,815	1,159,623
Investments and other assets		
Investment securities	2,159,604	2,321,684
Retirement benefit asset	932,677	948,990
Other	725,655	785,652
Allowance for doubtful accounts	(1,546)	(1,711)
Total investments and other assets	3,816,391	4,054,616
Total non-current assets	18,518,132	19,889,838
Total assets	28,515,333	29,742,680

(Thousands of yen)

As of March 31, 2019

As of December 31, 2019

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	1,075,524	1,240,492
Short-term borrowings	2,329,640	3,340,540
Income taxes payable	485,664	263,517
Provision for bonuses	846,555	364,198
Provision for loss on construction contracts	5,476	38,983
Other	3,190,847	3,508,518
Total current liabilities	7,933,708	8,756,250
Non-current liabilities		
Long-term borrowings	5,471,980	5,395,200
Retirement benefit liability	62,994	42,020
Asset retirement obligations	67,315	69,288
Other	622,167	476,481
Total non-current liabilities	6,224,457	5,982,990
Total liabilities	14,158,165	14,739,241
Net assets		
Shareholders' equity		
Share capital	3,203,992	3,203,992
Capital surplus	3,274,129	3,275,102
Retained earnings	8,077,012	8,663,489
Treasury shares	(368,789)	(356,158)
Total shareholders' equity	14,186,345	14,786,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	160,201	216,735
Remeasurements of defined benefit plans	10,620	277
Total accumulated other comprehensive income	170,822	217,013
Total net assets	14,357,167	15,003,439
Total liabilities and net assets	28,515,333	29,742,680

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

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	19,910,117	23,139,381
Cost of sales	15,154,040	17,825,759
Gross profit	4,756,077	5,313,621
Selling, general and administrative expenses	3,135,632	3,439,905
Operating profit	1,620,444	1,873,716
Non-operating income		
Interest income	437	252
Dividend income	23,640	30,863
Other	31,021	29,542
Total non-operating income	55,099	60,657
Non-operating expenses		
Interest expenses	42,264	41,530
Commission expenses	22,714	13,265
Other	1	6,795
Total non-operating expenses	64,980	61,591
Ordinary profit	1,610,563	1,872,782
Extraordinary income		
Gain on sales of non-current assets	–	11
Total extraordinary income	–	11
Extraordinary losses		
Loss on valuation of golf club membership	–	3,310
Loss on retirement of non-current assets	635	64
Loss on valuation of investment securities	14,660	–
Loss on cancellation of leases	1,804	–
Total extraordinary losses	17,099	3,374
Profit before income taxes	1,593,463	1,869,419
Income taxes	526,367	622,889
Profit	1,067,096	1,246,529
Profit attributable to owners of parent	1,067,096	1,246,529

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	1,067,096	1,246,529
Other comprehensive income		
Valuation difference on available-for-sale securities	(100,467)	56,534
Remeasurements of defined benefit plans, net of tax	5,482	(10,343)
Total other comprehensive income	(94,984)	46,191
Comprehensive income	972,111	1,292,721
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	972,111	1,292,721
Comprehensive income attributable to non-controlling interests	—	—