

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

July 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: August 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 three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(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, 2020	7,341	0.8	343	(39.6)	369	(35.5)	42	(88.4)
Three months ended June 30, 2019	7,280	19.1	568	77.0	573	78.5	371	77.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	2.70		–	
Three months ended June 30, 2019	23.38		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	29,793	15,030	50.4
As of March 31, 2020	29,589	15,224	51.5

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, 2020	–	21.50	–	21.50	43.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	22.00	–	24.00	46.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	31,500	1.3	2,580	3.1	2,540	0.3	1,675	0.2	105.28

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020
 (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 June 30, 2020	16,242,424 shares	As of March 31, 2020	16,242,424 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	332,168 shares	As of March 31, 2020	332,038 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, 2020	15,910,316 shares	Three months ended June 30, 2019	15,898,713 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	3,083,435	3,770,660
Notes and accounts receivable - trade	5,739,386	4,823,598
Merchandise and finished goods	63,136	67,295
Work in process	153,810	300,799
Raw materials and supplies	172,023	149,059
Other	417,608	467,113
Allowance for doubtful accounts	(428)	(387)
Total current assets	9,628,973	9,578,139
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,014,704	9,808,867
Land	3,157,316	3,156,754
Other, net	1,703,053	1,823,949
Total property, plant and equipment	14,875,074	14,789,571
Intangible assets		
Goodwill	271,480	261,499
Software	855,323	886,104
Other	53,842	53,819
Total intangible assets	1,180,646	1,201,423
Investments and other assets		
Investment securities	2,227,981	2,579,255
Retirement benefit asset	843,711	868,788
Other	834,607	777,940
Allowance for doubtful accounts	(1,343)	(1,313)
Total investments and other assets	3,904,956	4,224,671
Total non-current assets	19,960,677	20,215,666
Total assets	29,589,651	29,793,806

	(Thousands of yen)	
	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	1,102,589	1,277,157
Short-term borrowings	2,872,844	2,928,984
Income taxes payable	479,972	118,596
Provision for bonuses	908,143	554,570
Provision for loss on construction contracts	24,320	279
Other	3,019,322	3,346,029
Total current liabilities	8,407,192	8,225,617
Non-current liabilities		
Long-term borrowings	5,589,136	6,186,815
Retirement benefit liability	42,846	35,216
Asset retirement obligations	72,679	73,007
Other	253,284	242,733
Total non-current liabilities	5,957,946	6,537,773
Total liabilities	14,365,139	14,763,390
Net assets		
Shareholders' equity		
Share capital	3,203,992	3,203,992
Capital surplus	3,275,102	3,275,102
Retained earnings	9,089,268	8,790,152
Treasury shares	(356,390)	(356,586)
Total shareholders' equity	15,211,972	14,912,660
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	86,992	189,982
Remeasurements of defined benefit plans	(74,453)	(72,228)
Total accumulated other comprehensive income	12,538	117,754
Total net assets	15,224,511	15,030,415
Total liabilities and net assets	29,589,651	29,793,806

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, 2019	Three months ended June 30, 2020
Net sales	7,280,763	7,341,437
Cost of sales	5,540,012	5,798,051
Gross profit	1,740,750	1,543,385
Selling, general and administrative expenses	1,171,812	1,199,952
Operating profit	568,937	343,433
Non-operating income		
Interest income	82	81
Dividend income	15,058	16,504
Surrender value of insurance policies	414	25,050
Other	7,954	2,775
Total non-operating income	23,509	44,412
Non-operating expenses		
Interest expenses	13,938	12,567
Loss on investments in investment partnerships	3,260	4,086
Other	2,197	1,635
Total non-operating expenses	19,396	18,289
Ordinary profit	573,051	369,556
Extraordinary losses		
Special Retirement Payments	–	250,000
Impairment loss	–	562
Loss on retirement of non-current assets	–	67
Total extraordinary losses	–	250,629
Profit before income taxes	573,051	118,927
Income taxes	201,275	75,969
Profit	371,775	42,957
Profit attributable to owners of parent	371,775	42,957

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	371,775	42,957
Other comprehensive income		
Valuation difference on available-for-sale securities	(51,841)	102,990
Remeasurements of defined benefit plans, net of tax	(3,447)	2,224
Total other comprehensive income	(55,289)	105,215
Comprehensive income	316,485	148,173
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	316,485	148,173
Comprehensive income attributable to non-controlling interests	—	—