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November 14, 2022

Consolidated Financial Results for the Six Months Ended September 30, 2022 (Under Japanese GAAP)

Company name: internet infinity INC.
 Listing: Tokyo Stock Exchange
 Securities code: 6545
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 Scheduled date to file quarterly securities report: November 14, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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								
September 30, 2022	2,083	(0.3)	35	(47.5)	53	(67.4)	27	(74.7)
September 30, 2021	2,090	—	67	—	162	—	106	—

Note: Comprehensive income For the three months ended September 30, 2022: ¥27 million [(74.7)%]
 For the three months ended September 30, 2021: ¥106 million [—%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	5.02	4.90
September 30, 2021	19.90	19.33

Note: As the Company started preparing quarterly consolidated financial statements from the three months ended June 30, 2021, year-on-year changes for financial statements from the three months ended September 30, 2021 are not presented.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	2,949	1,282	43.5
March 31, 2022	2,829	1,245	44.0

Reference: Equity As of September 30, 2022 : ¥1,282 million As of March 31, 2022: ¥ 1,245 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31,2022	—	0.00	—	0.00	0.00
Fiscal year ending March 31,2023	—	0.00			
Fiscal year ending March31,2023 (Forecast)			—	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	4,421	6.1	315	102.4	313	8.2	203	9.4	37.76

Note: Revisions to the forecast most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: — companies

Excluded: — companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30,2022	5,427,771 shares
As of March 31,2022	5,427,771 shares

(ii) Number of treasury shares at the end of the period

As of September 30,2022	28,108 shares
As of March 31,2022	51,667 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended September 30,2022	5,386,403 shares
Three months ended September 30,2021	5,364,355 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements such as the earnings forecasts included here are based on currently available information and on certain assumptions we believe to be reasonable, and we make no assurance that they will be met. Actual performance and other results may differ significantly due to a variety of factors.

4. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Unit: thousand yen)

	As of March 31,2022	As of September 30,2022
Assets		
Current assets		
Cash and deposits	1,130,550	1,282,282
Notes and accounts receivable - trade	718,154	732,428
Supplies	15,611	14,731
Other	93,002	99,970
Allowance for doubtful accounts	(6,299)	(5,963)
Total current assets	1,951,020	2,123,449
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	306,914	237,913
Other, net	33,386	27,798
Total property, plant and equipment	340,300	265,711
Intangible assets		
Goodwill	200,945	190,088
Other	39,473	42,609
Total intangible assets	240,418	232,697
Investments and other assets		
Guarantee deposits	179,308	182,522
Deferred tax assets	80,951	106,949
Other	38,970	37,865
Allowance for doubtful accounts	(1,663)	—
Total investments and other assets	297,566	327,336
Total non-current assets	878,286	825,746
Total assets	2,829,307	2,949,195

(Unit: thousand yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Accounts payable - trade	70,058	68,671
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	107,964	102,966
Income taxes payable	23,708	51,624
Deposits received	366,907	431,935
Provision for bonuses	48,790	84,358
Other	203,068	214,156
Total current liabilities	1,120,496	1,253,712
Non-current liabilities		
Long-term borrowings	343,782	294,798
Asset retirement obligations	48,898	49,141
Other	70,832	69,054
Total non-current liabilities	463,513	412,994
Total liabilities	1,584,009	1,666,706
Net assets		
Shareholders' equity		
Capital	252,302	252,302
Capital surplus	237,302	237,302
Retained earnings	798,308	816,057
Treasury shares	(42,615)	(23,183)
Total shareholders' equity	1,245,297	1,282,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	10
Total accumulated other comprehensive income	—	10
Total net assets	1,245,297	1,282,489
Total liabilities and net assets	2,829,307	2,949,195

(2) Quarterly consolidated statement of income and comprehensive income
(Quarterly consolidated statement of income)

(Unit: thousand yen)

	Three months ended September 30,2021	Three months ended September 30,2022
Net sales	2,090,084	2,083,580
Cost of sales	1,348,508	1,347,047
Gross profit	741,576	736,533
Selling, general and administrative expenses	674,512	701,306
Operating income	67,064	35,226
Non-operating income		
Gain on sale of businesses	25,609	4,596
Subsidy income	74,896	19,751
Other	3,025	2,516
Total non-operating income	103,531	26,864
Non-operating expenses		
Interest expenses	7,254	7,745
Other	538	1,310
Total non-operating expenses	7,793	9,055
Ordinary profit	162,802	53,036
Extraordinary losses		
Impairment loss	—	7,314
Total extraordinary losses	—	7,314
Profit before income taxes	162,802	45,722
Income taxes	56,067	18,690
Profit	106,735	27,031
Profit attributable to owners of parent	106,735	27,031

(Quarterly consolidated statement of comprehensive income)

(Unit: thousand yen)

	Three months ended September 30,2021	Three months ended September 30,2022
Profit	106,735	27,031
Other comprehensive income		
Valuation difference on available-for-sale securities	—	10
Total other comprehensive income	—	10
Comprehensive income	106,735	27,042
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	106,735	27,042

(3) Quarterly consolidated statement of cash flows

(Unit: thousand yen)

	Six months ended September 30,2021	Six months ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	162,802	45,722
Depreciation	70,622	60,874
Amortization of goodwill	10,253	10,291
Impairment loss	—	7,314
Increase (decrease) in allowance for doubtful accounts	(2,011)	(1,998)
Increase (decrease) in provision for bonuses	(39,855)	35,568
Loss (gain) on sale of businesses	(25,609)	(4,596)
Subsidy income	(74,896)	(19,751)
Interest expenses	7,254	7,745
Decrease (increase) in trade receivables	13,395	(14,274)
Decrease (increase) in inventories	(3,942)	880
Increase (decrease) in trade payables	(1,971)	(1,387)
Increase (decrease) in deposits received	30,769	66,869
Increase (decrease) in accounts payable - other	(22,171)	10,092
Other	(20,216)	23,239
Sub-total	104,422	226,588
Interest paid	(7,151)	(7,417)
Proceeds from subsidy income	73,672	18,981
Income taxes paid	(52,156)	(23,722)
Net cash provided by (used in) operating activities	118,787	214,430
Cash flows from investing activities		
Proceeds from sale of businesses	39,408	14,053
Payments for acquisition of businesses	(10,235)	(4,995)
Purchase of property, plant and equipment	(11,263)	(311)
Proceeds from sales of property, plant and equipment	200	423
Purchase of intangible assets	(1,893)	(9,831)
Proceeds from sales of investment securities	10,738	—
Payments for guarantee deposits	(4,434)	(7,941)
Proceeds from refund of guarantee deposits	5,539	4,728
Payments for asset retirement obligations	(1,567)	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(274,356)	—
Other	2,498	(274)
Net cash provided by (used in) investing activities	(245,362)	(4,150)

(Unit: thousand yen)

	Six months ended September 30,2021	Six months ended September 30,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(80,000)	—
Proceeds from long-term borrowings	200,000	—
Repayments of long-term borrowings	(60,780)	(53,982)
Other	(4,534)	(4,566)
Net cash provided by (used in) financing activities	54,685	(58,548)
Net increase (decrease) in cash and cash equivalents	(71,890)	151,731
Cash and cash equivalents at beginning of period	845,183	1,130,550
Cash and cash equivalents at end of period	773,292	1,282,282