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April 30, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Japanese standard)

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 Listing: Tokyo Stock Exchange
 Securities code: 9742
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 Scheduled date of annual general meeting of shareholders: June 25, 2025
 Scheduled date to commence dividend payments: June 26, 2025
 Scheduled date to file annual securities report: June 25, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of 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 fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Figures in percentages denote year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	40,563	0.0	3,536	22.9	3,608	32.0	2,436	35.7
March 31, 2024	40,557	(4.4)	2,877	(24.3)	2,732	(29.6)	1,795	(29.3)

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥2,420 million [(4.3)%]
 For the fiscal year ended March 31, 2024: ¥2,529 million [1.5%]

	Profit per share	Fully diluted profit per share	Profit/Shareholders' equity	Ordinary profit/Total assets	Operating profit/Net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	117.13	—	6.3	6.5	8.7
March 31, 2024	86.33	—	4.8	5.3	7.1

Reference: Equity in earnings of affiliated companies
 For the fiscal year ended March 31, 2025: ¥— million
 For the fiscal year ended March 31, 2024: ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	56,727	39,192	69.1	1,884.21
March 31, 2024	54,427	37,790	69.4	1,816.54

Reference: Shareholders' equity
 As of March 31, 2025: ¥39,192 million
 As of March 31, 2024: ¥37,790 million

(3) Consolidated cash flow situation

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	1,478	(288)	1,536	7,991
March 31, 2024	2,142	(9,987)	3,948	5,265

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends/ Net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Fiscal year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	25.00	—	25.00	50.00	1,040	57.9	2.8
Fiscal year ended March 31, 2025	—	25.00	—	30.00	55.00	1,144	47.0	3.0
Fiscal year ending March 31, 2026 (Forecast)	—	—	—	—	60.00		44.6	

Note: The dividend forecasts for the end of the second quarter and the fiscal year end of the fiscal year ending March 31, 2026 are to be determined at this time.

3. Forecasts for consolidated financial results for the fiscal year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Figures in percentages denote year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	43,000	6.0	4,000	13.1	4,100	13.6	2,800	14.9	134.61

*** Notes**

- (1) Significant changes in the scope of consolidation during this fiscal year under review: No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies associated with the revision of accounting standards, etc.: No
 - (ii) Changes in accounting policies other than (i): No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement: No

(3) Number of issued shares (common shares)

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

As of March 31, 2025	20,900,000 shares
As of March 31, 2024	20,900,000 shares

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

As of March 31, 2025	99,687 shares
As of March 31, 2024	96,727 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	20,802,381 shares
Fiscal year ended March 31, 2024	20,802,125 shares

* Financial results reports are not subject to audit procedures performed by certified public accountants or audit corporations.

* Explanation regarding the proper use of results forecasts and other important notes
(Disclaimer regarding forward-looking statements)

Forward-looking statements such as results forecasts provided in this document are prepared based on currently available information and assumptions that are deemed reasonable, but the Company does not intend to guarantee their achievement. Actual results may differ significantly from the above forecasts for various reasons. For conditions regarding the assumptions for results forecasts and notes on the use of results forecasts, etc., please refer to page 7 of the accompanying materials "1. Outline of Operating Results, (3) Future Outlook."

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1. Outline of Operating Results

Initiatives in the fiscal year under review

The fiscal year under review is the first year of the 2026 Medium-Term Management Plan, and the Group has been promoting its businesses with a focus on the three pillars of action, namely standardizing the information system for local governments, developing next-generation solutions, and enhancing business foundations.

"Standardization of Local Government Information Systems"

In the public sector, which is our core business, we are promoting the standardization of local government information systems (local government system standardization). However, as a result of various quality tests, an event occurred that did not meet our standards, so we are taking quality measures. As a result, we are reviewing the work schedule for the transition to standardization, and although the start of operation will be delayed for some municipalities, we will ensure that we provide a safe and secure system so as not to affect resident services.

"Development of next-generation solutions"

The Group is developing a system, which will be the next generation of the WebRings administration system for local governments under the concept of being connected. In addition, in collaboration with Mitsubishi Research Institute, Inc., we have conducted demonstration experiments of on-demand transportation aimed at improving the convenience of transportation for the elderly in rural areas, and have been working to implement solutions that solve the problems of local communities using the Regional Co-Creation Portal.

"Enhancement of business foundations"

In terms of expanding our business base, we have demonstrated the effects of our partnership promotion and have implemented initiatives to expand the number of customers and strengthen our customer base by utilizing alliance partners. In addition, we have promoted the sophistication of our in-house IT infrastructure, developed an internal infrastructure that reduces security risks, and built a development environment that achieves high quality and a short period of time using generative AI.

In April 2025, we revised our personnel system to focus on evaluating the expertise of engineers in order to develop and promote human resources at an early stage, which is an asset of our company. In addition to making specialists a pillar of human resource development, we will promote our business strategy by appointing and utilizing external human resources and promote the utilization of senior human resources.

In April 2024, we moved our head office to Nihonbashi-Kakigaracho, Chuo-ku, Tokyo. We will consolidate the functions of the INES Group's headquarters to expedite decision-making in group management, and aim to strengthen our management base and enhance corporate value by embodying the vision of the Medium-Term Management Plan, "a company that continues to challenge and evolve."

(1) Outline of Operating Results for the Fiscal Year ended March 31, 2025

Consolidated net sales for the fiscal year under review was ¥40,563 million, roughly the same level as the previous fiscal year. Consolidated net sales on a sector-by-sector basis are shown in the table below. Net sales in the Public sector stood at ¥19,873 million (up 7.4% year on year), mainly reflecting higher sales due to the introduction of the standardization system, more than offsetting lower sales due to the partial withdrawal of the outsourcing business in the Group company. Net sales in the Private sector declined 6.2% year on year, to ¥20,689 million, mainly reflecting a decrease in orders for projects for the development and operation of systems for the insurance industry and lower sales from system development projects for the retailing industry.

By product and service, system development increased due to the introduction of standardization systems, operations decreased due to a decrease in large-scale BPO projects, and others decreased due to the partial withdrawal of outsourcing businesses at Group companies.

On the profit front, operating profit increased 22.9% year on year, to ¥3,536 million, ordinary profit climbed 32.0% year on year, to ¥3,608 million, profit attributable to owners of parent risen 35.7% year

on year, to ¥2,436 million, largely reflecting cost savings in reaction to the absence of the facility cost posted in the previous fiscal year.

Consolidated net sales by sector

(Millions of yen)

Category/Term	Previous Fiscal Year (From April 1, 2023 to March 31, 2024)		Current Fiscal Year (From April 1, 2024 to March 31, 2025)		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
Public	18,504	45.6%	19,873	49.0%	7.4%
Private	22,053	54.4%	20,689	51.0%	(6.2)%
Total	40,557	100.0%	40,563	100.0%	0.0%

(Note) Effective from the fiscal year under review, net sales that were included in Financial and General Industry have been reclassified and presented in Private. Net sales in the previous fiscal year are reclassified and presented in the same way.

Consolidated net sales by product/service

(Millions of yen)

Category/Term	Previous Fiscal Year (From April 1, 2023 to March 31, 2024)		Current Fiscal Year (From April 1, 2024 to March 31, 2025)		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
System development	16,371	40.3%	19,797	48.8%	20.9%
System operation	13,903	34.3%	12,672	31.2%	(8.9)%
System Maintenance	4,984	12.3%	4,929	12.2%	(1.1)%
Sales of information equipment	1,245	3.1%	1,143	2.8%	(8.2)%
Other	4,051	10.0%	2,019	5.0%	(50.2)%
Total	40,557	100.0%	40,563	100.0%	0.0%

(2) Outline of Financial Position for the Fiscal Year Ended March 31, 2025

(i) Situation of assets, liabilities and net assets

Looking at the financial position at the end of the fiscal year under review, total assets stood at ¥56,727 million, an increase of ¥2,299 million from the end of the previous fiscal year.

Current assets increased ¥4,480 million, to ¥24,764 million, reflecting increases in cash and deposits, notes and accounts receivable-trade, and contract assets. Non-current assets decreased ¥2,180 million, to ¥31,963 million, due to decreases in investment securities.

Current liabilities increased ¥2,363 million to ¥9,965 million, reflecting an increase in short-term borrowings. Non-current liabilities decreased ¥1,465 million to ¥7,569 million, reflecting a decrease in long-term borrowings.

Net assets increased ¥1,402 million from the end of the previous fiscal year, to ¥39,192 million due to the posting of profit attributable to owners of parent.

(ii) Cash flow situation

At the end of the fiscal year under review, cash and cash equivalents (“Cash”) increased ¥2,726 million from the end of the previous fiscal year, to ¥7,991 million.

The status of each cash flow segment and contributing factors for the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities decreased 31.0% year on year, to ¥1,478 million. This was mainly due to the posting of profit before income taxes of ¥3,511 million.

(Cash flows from investing activities)

Net cash used in investing activities decreased 97.1% year on year, to ¥288 million. This was mainly attributable to expenses for the purchase of intangible assets of ¥1,508 million and proceeds from redemption of investment securities of ¥1,800 million.

(Cash flows from financing activities)

Net cash provided by financing activities decreased 61.1% year on year, to ¥1,536 million. The rise was mainly due to proceeds from short-term borrowings of ¥3,000 million.

(3) Future Outlook

While the Japan economy is expected to continue recovering moderately due to the improvement in the employment situation and the effects of various policies, the outlook is expected to remain uncertain due to the protracted conflicts in Ukraine and the Middle East, as well as U.S. policy developments. In this environment, the Group continues to conduct its businesses with a focus on the three pillars of action, namely standardizing the information system for local governments, developing next-generation solutions, and enhancing business foundations, in the second year of its 2026 Medium-term Management Plan.

Based on the outlook for the future, the consolidated earnings forecast for the fiscal year ending March 31, 2026 is as follows.

[Forecasts for consolidated financial results for the fiscal year ending March 31, 2026]

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Year ending March 31, 2026	43,000	4,000	4,100	2,800
Year ended March 31, 2025	40,563	3,536	3,608	2,436
YoY change (%)	6.0	13.1	13.6	14.9

With respect to the annual dividend forecasts for the fiscal year ending March 31, 2026, the Company expects to pay ¥60 per share, up ¥5 per share, in view of its dividend policy and the financial results forecasts mentioned above.

(Yen)

	Dividends per share		
	End of Q2	Fiscal year end	Total
Fiscal year ending March 31, 2026 (Forecast)	—	—	60.00
Fiscal year ended March 31, 2025	25.00	30.00	55.00
Increase/decrease	—	—	5.00

(Note) The dividend forecasts for the end of the second quarter and the fiscal year end of the fiscal year ending March 31, 2026 are to be determined at this time.

(Caution on future forecast information)

Forward-looking statements such as results forecasts provided in this document are prepared based on currently available information and assumptions that are deemed reasonable, but the Company does not intend to guarantee their achievement. Actual results may differ significantly from the above forecasts for various reasons.

2. Basic Stance regarding Selection of Accounting Principles

In consideration of comparability with industry peers in Japan, the INES Group has the policy to prepare consolidated financial statements according to the Japanese accounting standards in the foreseeable future.

Going forward, the Group will examine the possibility of applying international accounting standards in light of trends and other factors in the application among Japanese companies.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	6,479	8,205
Notes and accounts receivable - trade, and contract assets	11,855	15,473
Work in process	383	399
Raw materials and supplies	69	55
Prepaid expenses	431	505
Other	1,084	139
Allowance for doubtful accounts	(19)	(15)
Total current assets	20,283	24,764
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,479	5,951
Accumulated depreciation	(628)	(665)
Buildings and structures, net	851	5,286
Tools, furniture and fixtures	3,996	4,020
Accumulated depreciation	(2,971)	(2,951)
Tools, furniture and fixtures, net	1,025	1,068
Land	5,299	5,299
Construction in progress	4,587	—
Total property, plant and equipment	11,764	11,654
Intangible assets		
Software	2,498	3,216
Other	23	22
Total intangible assets	2,522	3,238
Investments and other assets		
Investment securities	*1 13,535	11,836
Long-term prepaid expenses	767	503
Deferred tax assets	4,147	3,514
Other	1,407	1,215
Total investments and other assets	19,857	17,069
Total non-current assets	34,143	31,963
Total assets	54,427	56,727

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	1,909	2,639
Short-term borrowings	—	3,000
Current portion of long-term borrowings	416	833
Accrued expenses	1,297	960
Income taxes payable	722	253
Accrued consumption taxes	272	571
Advances received	129	136
Provision for bonuses	959	925
Provision for bonuses for directors (and other officers)	80	107
Provision for loss on orders received	49	—
Asset retirement obligations	230	10
Other	1,533	526
Total current liabilities	7,601	9,965
Non-current liabilities		
Long-term borrowings	4,583	3,749
Provision for retirement benefits for directors (and other officers)	88	35
Retirement benefit liability	3,411	2,866
Asset retirement obligations	154	146
Other	798	772
Total non-current liabilities	9,035	7,569
Total liabilities	16,637	17,535
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	10,099	10,102
Retained earnings	12,438	13,835
Treasury shares	(140)	(120)
Total shareholders' equity	37,398	38,816
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54	153
Remeasurements of defined benefit plans	336	222
Total accumulated other comprehensive income	391	375
Total net assets	37,790	39,192
Total liabilities and net assets	54,427	56,727

(2) Consolidated statement of income and consolidated statement of comprehensive income**Consolidated statement of income**

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	40,557	40,563
Cost of sales	*4 30,827	30,847
Gross profit	9,729	9,715
Selling, general and administrative expenses	*1, *2 6,851	*1, *2 6,179
Operating profit	2,877	3,536
Non-operating income		
Interest income	52	51
Dividend income	27	37
Rental income from real estate	—	8
Dividend income of insurance	14	16
Other	17	18
Total non-operating income	112	133
Non-operating expenses		
Interest expenses	11	40
Rental expenses on real estate	—	5
Loss on investments in investment partnerships	8	1
Office relocation expenses	233	10
Other	3	3
Total non-operating expenses	257	61
Ordinary profit	2,732	3,608
Extraordinary income		
Gain on sale of investment securities	5	—
Gain on sale of membership	—	18
Gain on liquidation of subsidiaries and associates	18	0
Total extraordinary income	24	18
Extraordinary losses		
Loss on retirement of non-current assets	*3 19	*3 21
Removal expenses of non-current assets	4	20
Special retirement benefits	59	71
Other	0	2
Total extraordinary losses	84	114
Profit before income taxes	2,672	3,511
Income taxes - current	860	440
Income taxes - deferred	16	634
Total income taxes	877	1,075
Profit	1,795	2,436
Profit attributable to owners of parent	1,795	2,436

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	1,795	2,436
Other comprehensive income		
Valuation difference on available-for-sale securities	234	98
Remeasurements of defined benefit plans, net of tax	499	(114)
Total other comprehensive income	* 733	* (15)
Comprehensive income	2,529	2,420
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,529	2,420

(3) Consolidated statements of changes in shareholders' equity

Previous fiscal year (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,000	10,100	11,682	(155)	36,627
Changes during period					
Dividends of surplus			(1,039)		(1,039)
Profit attributable to owners of parent			1,795		1,795
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(1)		18	17
Net changes in items other than shareholders' equity					
Total changes during period	—	(1)	755	15	770
Balance at end of period	15,000	10,099	12,438	(140)	37,398

	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	(179)	(162)	(341)	36,286
Changes during period				
Dividends of surplus				(1,039)
Profit attributable to owners of parent				1,795
Purchase of treasury shares				(2)
Disposal of treasury shares				17
Net changes in items other than shareholders' equity	234	499	733	733
Total changes during period	234	499	733	1,503
Balance at end of period	54	336	391	37,790

Fiscal year under review (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,000	10,099	12,438	(140)	37,398
Changes during period					
Dividends of surplus			(1,040)		(1,040)
Profit attributable to owners of parent			2,436		2,436
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		2		21	24
Net changes in items other than shareholders' equity					
Total changes during period	—	2	1,396	19	1,417
Balance at end of period	15,000	10,102	13,835	(120)	38,816

	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	54	336	391	37,790
Changes during period				
Dividends of surplus				(1,040)
Profit attributable to owners of parent				2,436
Purchase of treasury shares				(2)
Disposal of treasury shares				24
Net changes in items other than shareholders' equity	98	(114)	(15)	(15)
Total changes during period	98	(114)	(15)	1,402
Balance at end of period	153	222	375	39,192

(4) Consolidated statement of cash flow

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	2,672	3,511
Depreciation	1,993	1,917
Increase (decrease) in provision for bonuses	0	(34)
Increase (decrease) in provision for bonuses for directors (and other officers)	7	26
Increase (decrease) in provision for loss on orders received	1	(49)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(13)	(53)
Increase (decrease) in retirement benefit liability	(495)	(735)
Loss (gain) on liquidation of subsidiaries and associates	(18)	(0)
Loss on retirement of non-current assets	19	21
Loss (gain) on sale of investment securities	(5)	–
Loss (gain) on sale of membership	–	(18)
Office relocation expenses	233	10
Removal expenses of non-current assets	4	20
Special retirement benefits	59	71
Decrease (increase) in trade receivables	42	(3,610)
Decrease (increase) in inventories	(117)	(2)
Decrease (increase) in other assets	16	(67)
Increase (decrease) in trade payables	(297)	907
Increase (decrease) in other liabilities	(724)	408
Other, net	21	(86)
Subtotal	3,398	2,237
Income taxes refund	6	398
Income taxes paid	(1,262)	(1,158)
Net cash provided by (used in) operating activities	2,142	1,478
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,000)	999
Net decrease (increase) in short-term investment securities	2,300	–
Purchase of property, plant and equipment	(9,626)	(1,432)
Purchase of intangible assets	(1,048)	(1,508)
Purchase of long-term prepaid expenses	(460)	(98)
Purchase of investment securities	(10)	(2)
Proceeds from sale of investment securities	5	–
Proceeds from redemption of investment securities	–	1,800
Proceeds from sale of membership	–	38
Proceeds from liquidation of subsidiaries and associates	30	0
Payments of leasehold and guarantee deposits	(168)	(259)
Proceeds from refund of leasehold and guarantee deposits	87	423
Payments for asset retirement obligations	(99)	(271)
Other, net	1	22
Net cash provided by (used in) investing activities	(9,987)	(288)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	3,000
Proceeds from long-term borrowings	5,000	–
Repayments of long-term borrowings	–	(416)
Repayments of lease liabilities	(11)	(5)
Purchase of treasury shares	(2)	(2)
Dividends paid	(1,037)	(1,039)
Net cash provided by (used in) financing activities	3,948	1,536
Net increase (decrease) in cash and cash equivalents	(3,896)	2,726
Cash and cash equivalents at beginning of period	9,162	5,265
Cash and cash equivalents at end of period	* 5,265	* 7,991

(5) Notes to Consolidated Financial Statements

Notes on premise of going concern

Not applicable.

Significant matters forming the basis for preparing consolidated financial statements

1. Matters related to the scope of consolidation

The four consolidated subsidiaries are INES Research Institute, Inc., INES Relations, Inc., INES Technologies, Inc., and INES Integrate Service, Inc.

INES Hong Kong Ltd., which had been excluded from the scope of consolidation until the previous consolidated fiscal year, has been liquidated in the current fiscal year.

2. Matters related to the application of the equity method

There are no non-consolidated subsidiaries or affiliates accounted for under the equity method.

INES Hong Kong Ltd., which had been excluded from the scope of being accounted for under equity method until the previous fiscal year, has been liquidated in the fiscal year under review.

3. Matters related to the fiscal year of consolidated subsidiaries

The end of the fiscal year of all consolidated subsidiaries coincides with the balance sheet date on the consolidated basis.

4. Matters related to accounting policy

(1) Standards and Method for Measurement of Significant Assets

(i) Securities

Available-for-sale securities

Securities other than stocks, etc., without a market price

Fair value method (all valuation differences are accounted under the net assets method, and the cost of sale is calculated using the moving average method)

Stocks, etc., without a market price

The cost method using the moving average method

Investments in investment limited partnerships (those deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are based on recent financial statements available according to the financial reporting date stipulated in the partnership agreement, and the amount equivalent to the equity is incorporated in a net amount.

(ii) Inventories

Work in process

Stated at cost determined by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Raw materials and supplies

Stated at cost determined by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

(2) Methods of depreciation of material depreciable assets

(i) Property, plant and equipment (excluding leased assets)

a. Buildings and structures

Straight-line method

b. Tools, furniture and fixtures

Declining-balance method

(However, dedicated equipment based on a specific contract uses the straight-line method.)

Major useful lives are as follows.

Buildings and structures 5-24 years

Tools, furniture and fixtures 3-15 years

(ii) Intangible assets (excluding leased assets)

a. Software for internal use

Straight-line method based on the period of internal use (5 years)

b. Marketable software

Depreciation amount based on the number of units estimated to be sold or equal distribution amount based on the remaining effective period, whichever is greater

The estimated effective period is not more than 3 years.

c. Other intangible assets

Straight-line method

(iii) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is used, where the lease period is deemed as the useful life of the asset and the residual value is zero.

(iv) Small depreciable asset

Assets with an acquisition cost of 100,000 yen or more and less than 200,000 yen is depreciated evenly over 3 years.

(v) Long-term prepaid expenses

Straight-line method

(3) Accounting standard for significant provisions

(i) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for possible losses on receivables based on the historical write-off ratio for general receivables and on the estimated amount of uncollectible receivables based on a case-by-case determination of collectibility for specific receivables such as doubtful receivables.

(ii) Provision for loss on orders received

In the case of made-to-order software development that is expected to incur losses in the future and the amount of such losses can be reasonably estimated, the amount of losses expected to occur is recorded.

(iii) Provision for bonuses

To provide for the payment of bonuses to employees, the estimated amount of bonuses to be paid in the following consolidated fiscal year is accrued based on the portion of the estimated amount of bonuses to be paid in the current consolidated fiscal year (based on the actual amount to be paid).

(iv) Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to directors and other officers, the estimated amount of bonuses to be paid in the following consolidated fiscal year is accrued based on the portion of the estimated amount of bonuses to be paid in the current consolidated fiscal year.

(v) Provision for retirement benefits for directors (and other officers)

To provide for the payment of retirement benefits to directors, executive officers and others, the amount required to be paid at the end of the fiscal year is accrued based on internal rules.

(4) Methods of accounting for retirement benefits

(i) Method of attribution of estimated retirement benefits for the period

In calculating retirement benefit obligations, the method of attributing the expected amount of retirement benefits to the period up to the end of the current consolidated fiscal year is based on the benefit calculation formula standard.

(ii) Actuarial gains and losses and method for past service cost

Past service costs are accounted using the straight-line method based on a certain number of years (10 years) within the average remaining service period of the employee as of when they are incurred.

Actuarial gains and losses are amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time of occurrence in each fiscal year, with the amount prorated from the following fiscal year of occurrence.

(iii) Accounting treatment for unrecognized actuarial gains and losses and unrecognized past service cost

Unrecognized actuarial gains and losses and unrecognized prior service cost are included in accumulated other comprehensive income in net assets under remeasurements of defined benefit plans, after adjusting for tax effects.

(iv) Adoption of the Simplified Method in Small Enterprises, etc.

Consolidated subsidiaries apply a simplified method to the calculation of retirement benefit liability and retirement benefit expenses, using a method in which the amount of voluntary payment related to retirement benefits at the end of the fiscal year is the retirement benefit obligation.

(5) Accounting standards for significant revenues and expenses

The main performance obligations in the Group's main businesses related to revenue from contracts with customers and the usual time at which these performance obligations are satisfied (the usual time at which revenue is recognized) are as follows.

(i) Made-to-order software development

In the field of made-to-order software development, we mainly develop and provide made-to-order software in the public and private fields.

When it is possible to reasonably estimate the degree of progress toward satisfying a performance obligation, the Company estimates such progress using the input method based on the cost incurred (cost proportion method) to recognize revenue. When the degree of progress cannot be reasonably estimated, but it is probable that the costs incurred in satisfying the performance obligation will be recovered, revenue is recognized on a cost recovery basis.

(ii) Provision of services

In the provision of services, we mainly perform operation processing and system maintenance in the public sector, and system development and operation processing in the private sector through quasi-delegation contracts.

In the case of services that provide approximately a certain amount of services over the contract period, we judge that the performance obligation is satisfied according to the passage of time when the service is provided based on the contract, and we recognize revenue by prorating the amount promised in the contract with the customer over the period of service provision based on the contract.

In addition, when we have the right to receive compensation from the customer for the part of the performance that has been satisfied to date based on the time, duration, processing volume of the service, etc., the revenue is recognized at the amount that we have the right to charge.

(iii) Sales of information equipment, etc.

In the sales of information equipment, etc., we are mainly engaged in the sale of information equipment and software in the public and private sectors.

In the sales of information equipment, etc., to recognize revenue, we judge that performance obligations are satisfied when the product is delivered to the customer and the customer inspects it.

(6) The scope of funds in consolidated statement of cash flows

The scope of funds in consolidated statement of cash flows is cash on hand, deposits that can be withdrawn at any time, and short-term investments that are easily redeemable and are due within three months from the date of acquisition with little risk of fluctuations in value.

Notes on Consolidated Balance Sheets

*1 The items for non-consolidated subsidiaries are as follows.

	(Millions of yen)	
	Previous Fiscal Year (March 31, 2024)	Current Fiscal Year (March 31, 2025)
Investment securities (Stocks)	0	—

*2 Inventories related to made-to-order software development contracts that are expected to incur losses and provision for loss on orders received are shown in the gross amount. The amount corresponding to the provision for loss on orders received among the inventories related to made-to-order software development contracts that are expected to incur losses is as follows.

	(Millions of yen)	
	Previous Fiscal Year (March 31, 2024)	Current Fiscal Year (March 31, 2025)
Work in process	8	—

Notes on consolidated statement of income

*1 The main items and amounts of selling, general and administrative expenses are as follows.

	(Millions of yen)	
	Previous Fiscal Year (From April 1, 2023 to March 31, 2024)	Current Fiscal Year (From April 1, 2024 to March 31, 2025)
Payroll and allowances and bonuses	2,261	2,282
Provision for bonuses	335	301
Retirement benefit expenses	165	134
Provision for bonuses for directors (and other officers)	79	104
Welfare expenses	451	452
Research and development expenses	426	266
Sales Support Expenses	358	205

*2 Total amount of R&D expenses included in general and administrative expenses and manufacturing expenses for the current fiscal year

(Millions of yen)

Previous Fiscal Year (From April 1, 2023 to March 31, 2024)	Current Fiscal Year (From April 1, 2024 to March 31, 2025)
426	266

Note: R&D expenses are not included in the manufacturing expenses for the current fiscal year.

*3 The details of loss on retirement of non-current assets are as follows.

(Millions of yen)

	Previous Fiscal Year (From April 1, 2023 to March 31, 2024)	Current Fiscal Year (From April 1, 2024 to March 31, 2025)
Buildings and structures	6	8
Tools, furniture and fixtures	9	11
Software	0	0
Other intangible assets	—	0
Long-term prepaid expenses	2	0
Total	19	21

*4 Provision for loss on orders received included in cost of sales

(Millions of yen)

Previous Fiscal Year (From April 1, 2023 to March 31, 2024)	Current Fiscal Year (From April 1, 2024 to March 31, 2025)
49	—

Consolidated statement of comprehensive income

* Reclassification adjustment(s) in other comprehensive income and income taxes and tax effect(s)

(Millions of yen)

	Previous Fiscal Year (From April 1, 2023 to March 31, 2024)	Current Fiscal Year (From April 1, 2024 to March 31, 2025)
Valuation difference on available-for-sale securities		
Amount accrued for the current fiscal year	340	141
Reclassification adjustments	—	—
Income taxes and adjustment before tax effect	340	141
Income taxes and tax effect amount	(106)	(43)
Valuation difference on available-for-sale securities	234	98
Remeasurements of defined benefit plans, net of tax		
Amount accrued for the current fiscal year	618	(202)
Reclassification adjustments	100	42
Income taxes and adjustment before tax effect	719	(159)
Income taxes and tax effect amount	(220)	45
Remeasurements of defined benefit plans, net of tax	499	(114)
Total other comprehensive income	733	(15)

Consolidated statement of changes in equity

Previous Fiscal Year (From April 1, 2023 to March 31, 2024)

1. Matters concerning the type and total number of shares issued and the type and number of treasury shares

	Current fiscal year: Number of shares at the beginning of the period (1,000 shares)	Current fiscal year: Number of shares increased during the period (1,000 shares)	Current fiscal year: Number of shares decreased during the period (1,000 shares)	Current fiscal year: Number of shares at the end of the period (1,000 shares)
Issued shares				
Common stocks	20,900	—	—	20,900
Total	20,900	—	—	20,900
Treasury shares				
Common stock (Notes)1,2	104	4	12	96
Total	104	4	12	96

- (Notes) 1. The increase in the number of treasury shares of common stock of 4,000 shares was an increase of 3,000 shares due to the free acquisition of restricted shares and an increase of 1,000 shares due to the purchase of shares less than one share unit.
2. The decrease in the number of treasury shares of common stock of 12,000 shares was due to the disposal of treasury shares as restricted stock compensation.

2. Matters related to dividends

(1) Dividend amount

(Resolution)	Types of Shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record Date	Effective Date
June 23, 2023 Ordinary General Meeting of Shareholders	Common Stocks	519	25.00	March 31, 2023	June 26, 2023
October 30 2023 The Board of Directors	Common Stocks	520	25.00	September 30, 2023	December 5, 2023

(2) Dividends with a record date for the current fiscal year whose effective date falls under the following fiscal year

(Resolution)	Types of Shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record Date	Effective Date
June 25, 2024 Ordinary General Meeting of Shareholders	Common Stocks	520	Retained earnings	25.00	March 31, 2024	June 26, 2024

Current Fiscal Year (From April 1, 2024 to March 31, 2025)

1. Matters concerning the type and total number of shares issued and the type and number of treasury shares

	Current fiscal year: Number of shares at the beginning of the period (1,000 shares)	Current fiscal year: Number of shares increased during the period (1,000 shares)	Current fiscal year: Number of shares decreased during the period (1,000 shares)	Current fiscal year: Number of shares at the end of the period (1,000 shares)
Issued shares				
Common Stocks	20,900	—	—	20,900
Total	20,900	—	—	20,900
Treasury shares				
Common stock (Notes)1,2	96	18	15	99
Total	96	18	15	99

- (Notes) 1. The increase in the number of treasury shares of common stock of 18,000 shares was an increase of 16,000 shares due to the free acquisition of restricted shares and an increase of 1,000 shares due to the purchase of shares less than one share unit.
2. The decrease in the number of treasury shares of common stock of 15,000 shares was due to the disposal of treasury shares as restricted stock compensation of 15,000 shares and sale of shares less than one share unit of 0 thousand shares.

2. Matters related to dividends

(1) Dividend amount

(Resolution)	Types of Shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record Date	Effective Date
June 25, 2024 Ordinary General Meeting of Shareholders	Common Stocks	520	25.00	March 31, 2024	June 26, 2024
October 31, 2024 The Board of Directors	Common Stocks	520	25.00	September 30, 2024	December 5, 2024

(2) Dividends with a record date for the current fiscal year whose effective date falls under the following fiscal year will be resolved as follows.

(Resolution)	Types of Shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record Date	Effective Date
June 25, 2025 Ordinary General Meeting of Shareholders	Common Stocks	624	Retained earnings	30.00	March 31, 2025	June 26, 2025

Consolidated statement of cash flows

* Cash and cash equivalents at end of period and account title and amount shown in balance sheet
(Millions of yen)

	Previous Fiscal Year (From April 1, 2023 to March 31, 2024)	Current Fiscal Year (From April 1, 2024 to March 31, 2025)
Cash and deposits	6,479	8,205
Time deposits with a deposit period of more than 3 months	(1,213)	(213)
Cash and cash equivalents	5,265	7,991

Notes on segment information, etc.

Segment information, etc.

The previous fiscal year (April 1, 2023 to March 31, 2024) and the current fiscal year (April 1, 2024 to March 31, 2025)

The Group provides integrated services from planning and development of information systems and networks to operation, maintenance, and maintenance after operation, and is omitted because it is a single segment of the information service business.

Related Information

Previous Fiscal Year (From April 1, 2023 to March 31, 2024)

1. Information for each product or service

The Group provides integrated services from planning and development of information systems and networks to operation, maintenance, and maintenance after operation, and is omitted because sales to external customers in a single product or service category exceed 90% of the sales in the consolidated statements of income.

2. Information for each region

(1) Net sales

Since sales to external customers in Japan exceed 90% of sales in the consolidated statements of income, the description has been omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet, so the description is omitted.

3. Information for each of main customers

The description is omitted because, of the sales to external customers, sales to specific external customers are less than 10% of the sales in the consolidated statements of income.

Current Fiscal Year (From April 1, 2024 to March 31, 2025)

1. Information for each product or service

The Group provides integrated services from planning and development of information systems and networks to operation, maintenance, and maintenance after operation, and is omitted because sales to external customers in a single product or service category exceed 90% of the sales in the consolidated statements of income.

2. Information for each region

(1) Net sales

The description is omitted as sales to external customers in Japan exceed 90% of sales in the consolidated statements of income.

(2) Property, plant and equipment

The description is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information for each of main customers

The description is omitted because, of the sales to external customers, sales to specific external customers are less than 10% of the sales in the consolidated statements of income.

Information on impairment losses on non-current assets by reported segment

The previous fiscal year (April 1, 2023 to March 31, 2024) and the current fiscal year (April 1, 2024 to March 31, 2025)

Not applicable.

Information on amortization of goodwill and undepreciated balances by reporting segment

The previous fiscal year (April 1, 2023 to March 31, 2024) and the current fiscal year (April 1, 2024 to March 31, 2025)

Not applicable.

Information on gain on negative goodwill by reportable segment

The previous fiscal year (April 1, 2023 to March 31, 2024) and the current fiscal year (April 1, 2024 to March 31, 2025)

Not applicable.

Per share information

(Yen)

	Previous Fiscal Year (From April 1, 2023 to March 31, 2024)	Current Fiscal Year (From April 1, 2024 to March 31, 2025)
Net assets per share	1,816.54	1,884.21
Basic earnings per share	86.33	117.13

(Notes) 1. Information on diluted earnings per share is omitted due to an absence of potential shares.

2. The basis for calculation of basic earnings per share is as follows:

	Previous Fiscal Year (From April 1, 2023 to March 31, 2024)	Current Fiscal Year (From April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent (millions of yen)	1,795	2,436
Amounts not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common stocks (millions of yen)	1,795	2,436
Average number of common shares outstanding during the period (Thousand shares)	20,802	20,802

Significant events after reporting period

Not applicable.