

January 31, 2025

# Consolidated Financial Statements for the First Nine Months of the Fiscal Year Ending March 31, 2025 [Japanese standard]



## INES Corporation

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 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: None  
 Holding of financial results briefing: None

## 1. Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to December 31, 2024)

### (1) Consolidated Operating Results

(Million yen, figures in percentages denote year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended Dec. 31, 2024	28,143	(3.0%)	1,539	31.8%	1,595	27.9%	998	40.8%
Nine months ended Dec. 31, 2023	29,005	(3.3%)	1,168	(44.4%)	1,247	(42.4%)	709	(46.9%)

(Note) Comprehensive income      Nine months ended December 31, 2024: ¥1,109 million (23.7%)  
 Nine months ended December 31, 2023: ¥896 million (-27.8%)

	Profit per share (Yen)	Fully diluted profit per share (Yen)
Nine months ended Dec. 31, 2024	48.00	—
Nine months ended Dec. 31, 2023	34.09	—

### (2) Consolidated Financial Position

(Million yen)

	Total assets	Net assets	Equity ratio (%)
As of December 31, 2024	51,281	37,881	73.9
As of March 31, 2024	54,427	37,790	69.4

(Reference) Shareholders' equity      As of December 31, 2024: ¥37,881 million  
 As of March 31, 2024: ¥37,790 million

## 2. Dividends

	Dividends per share (Yen)				
	End of Q1	End of Q2	End of Q3	Fiscal year end	Annual
Fiscal year ended March 31, 2024	—	25.00	—	25.00	50.00
Fiscal year ending March 31, 2025	—	25.00	—		
Fiscal year ending March 31, 2025 (Forecast)				30.00	55.00

(Note) Revisions to dividend forecasts published most recently: No

## 3. Forecasts for Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Million yen, figures in percentages denote year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share (Yen)
Full year	44,000	8.5%	4,000	39.0%	4,000	46.4%	2,700	50.3%	129.80

(Note) Revisions to results forecasts published most recently: No

**\* Notes**

**(1) Any important changes in the scope of consolidation during the term: No**

**(2) Application of special accounting treatment to the preparation of consolidated financial statements: Yes**

**(3) Changes in accounting policies and changes or restatement of accounting estimates**

1. Changes in accounting policies associated with the revision of accounting standards, etc.: No
2. Changes in accounting policies other than 1.: No
3. Changes in accounting estimates: No
4. Restatement: No

**(4) Number of shares outstanding (common shares)**

1. Number of shares outstanding at the term end (including treasury shares)

FY2025/3 Q3:	20,900,000 shares
FY2024/3:	20,900,000 shares
2. Number of treasury shares at the term end

FY2025/3 Q3:	99,309 shares
FY2024/3:	96,727 shares
3. Average number of shares outstanding

FY2025/3 first nine months:	20,802,982 shares
FY2024/3 first nine months:	20,801,718 shares

**\* *Review of the accompanying quarterly consolidated financial statements by certified public accountants or audit corporations: None***

**\* *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 4 of the accompanying materials “1. Outline of Operating Results, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements.”

# 1. Outline of Operating Results

During the first nine months under review, the Japanese economy remained on a path toward a moderate recovery, reflecting an upturn in consumption due to improved income environments, despite uncertainty over the effect of policies to be implemented under the new U.S. president.

Looking at the domestic IT market, with the shortage of workforce becoming increasingly serious, there is a growing willingness to invest in DX initiatives with a view toward improving corporate productivity in particular. In this environment, the market is expected to continue to expand.

In this environment, the Group has been conducting 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 first year of its 2026 Medium-term Management Plan.

With respect to standardizing information systems for local governments, the Group is in the process of stationing quality control managers at each facility and enhancing quality management and project management to ensure that the migration of local government systems, which will start in earnest on a nationwide basis, is steadily carried out.

Regarding the 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, with an eye to solving local community issues, it is working on initiatives to implement solutions by utilizing the Regional Cocreation Portal in collaboration with Mitsubishi Research Institute, Inc., while also considering measures to support the operation of the Disaster Victim Support System together with Japan Information Processing Service Co., Ltd.

As for enhancing its business foundations, the Group is in the process of establishing generative AI-based development environments with a view toward realizing the production of high-quality products with short lead times. The Group will meanwhile build an organizational structure to spearhead its partner strategy, while also strengthening relationships with an eye toward pursuing mutual benefits and achieving growth together.

In investment in human capital for the realization of sustainable management, considering people as human capital, the Group is striving to facilitate the Company's business strategies through the promotion and utilization of external personnel, develop experts through training and reskilling, and utilize senior people. In terms of the financial strategies, the Group will consider how best its disclosures should be made with an awareness of the cost of capital and share prices, while also striving to further increase its corporate value.

The Group will continue to work on the secure implementation of a range of strategies set out in the 2026 Medium-term Management Plan and move forward with growth investments to drive future growth strategies.

## (1) Outline of Operating Results for the First Nine Months Ended December 31, 2024

Consolidated net sales for the first nine months under review decreased 3.0% year on year, to ¥28,143 million (please refer to "Consolidated net sales by sector," which are shown in the table below). Net sales in the Public sector stood at ¥12,745 million (up 1.7% 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 BPO business in the Group company. Net sales in the Private sector declined 6.5% year on year, to ¥15,398 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.

On the profit front, operating profit increased 31.8% year on year, to ¥1,539 million and ordinary profit climbed 27.9% year on year, to ¥1,595 million, largely reflecting a rise in gross profit, as well as cost savings in reaction to the absence of the facility cost posted in the previous fiscal year. As a result, the Company recorded a profit attributable to owners of parent of ¥998 million (up 40.8% year on year).

## Consolidated net sales by sector

(Million yen)

Category/Term	Nine months ended December 31, 2023		Nine months ended December 31, 2024		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
Public	12,530	43.2	12,745	45.3	1.7
Private	16,475	56.8	15,398	54.7	(6.5)
Total	29,005	100.0	28,143	100.0	(3.0)

(Note) Effective from the first quarter of 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 first nine months of the previous fiscal year are reclassified and presented in the same way.

## Consolidated net sales by product/service

(Million yen)

Category/Term	Nine months ended December 31, 2023		Nine months ended December 31, 2024		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
System development	10,902	37.6	12,578	44.7	15.4
System operation	10,660	36.8	9,685	34.4	(9.1)
System maintenance	3,652	12.6	3,660	13.0	0.2
Sales of information equipment	764	2.6	728	2.6	(4.7)
Other	3,025	10.4	1,490	5.3	(50.7)
Total	29,005	100.0	28,143	100.0	(3.0)

**(2) Outline of Financial Position for the First Nine Months Ended December 31, 2024**

Looking at the financial position at the end of the first nine months of the fiscal year under review, total assets stood at ¥51,281 million, a decrease of ¥3,146 million from the end of the previous fiscal year.

Current assets decreased ¥3,129 million, to ¥17,154 million, reflecting decreases mainly in notes and accounts receivable-trade, and contract assets. Non-current assets decreased by ¥16 million to ¥34,126 million.

Current liabilities at the end of the first nine months of the fiscal year amounted to ¥5,489 million, a decrease of ¥2,111 million from the end of previous fiscal year, due mainly to income taxes payable. Non-current liabilities decreased ¥1,125 million from the end of the previous fiscal year, to ¥7,910 million.

Net assets increased by ¥91 million to ¥37,881 million.

**(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements**

The consolidated financial results forecast and dividend forecast published respectively on April 30, 2024 and October 31, 2024 remain unchanged.

(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.

# Quarterly Consolidated Financial Statements and Important Notes

## Quarterly consolidated balance sheet

As of March 31 and December 31, 2024

(Million yen)

	FY2023 (As of March 31, 2024)	3Q of FY2024 (As of December 31, 2024)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	6,479	6,140
Notes and accounts receivable - trade, and contract assets	11,855	9,678
Work in process	383	689
Raw materials and supplies	69	45
Prepaid expenses	431	529
Other	1,084	86
Allowance for doubtful accounts	(19)	(14)
<b>Total current assets</b>	<b>20,283</b>	<b>17,154</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	1,479	5,805
Accumulated depreciation	(628)	(594)
Buildings and structures, net	851	5,210
Tools, furniture and fixtures	3,996	4,121
Accumulated depreciation	(2,971)	(3,092)
Tools, furniture and fixtures, net	1,025	1,029
Land	5,299	5,299
Construction in progress	4,587	—
<b>Total property, plant and equipment</b>	<b>11,764</b>	<b>11,539</b>
<b>Intangible assets</b>		
Software	2,498	3,227
Other	23	22
<b>Total intangible assets</b>	<b>2,522</b>	<b>3,250</b>
<b>Investments and other assets</b>		
Investment securities	13,535	13,426
Long-term prepaid expenses	767	558
Deferred tax assets	4,147	4,100
Other	1,407	1,250
<b>Total investments and other assets</b>	<b>19,857</b>	<b>19,336</b>
<b>Total non-current assets</b>	<b>34,143</b>	<b>34,126</b>
<b>Total assets</b>	<b>54,427</b>	<b>51,281</b>

## Quarterly consolidated balance sheet

As of March 31 and December 31, 2024

(Million yen)

	FY2023 (As of March 31, 2024)	3Q of FY2024 (As of December 31, 2024)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,909	1,604
Current portion of long-term borrowings	416	833
Accrued expenses	1,297	891
Income taxes payable	722	158
Accrued consumption taxes	272	300
Advances received	129	207
Provision for bonuses	959	390
Provision for bonuses for directors (and other officers)	80	80
Provision for losses on orders received	49	54
Asset retirement obligations	230	23
Other	1,533	944
<b>Total current liabilities</b>	<b>7,601</b>	<b>5,489</b>
<b>Non-current liabilities</b>		
Long-term borrowings	4,583	3,958
Provision for retirement benefits for directors (and other officers)	88	34
Net defined benefit liability	3,411	2,977
Asset retirement obligations	154	136
Other	798	803
<b>Total non-current liabilities</b>	<b>9,035</b>	<b>7,910</b>
<b>Total liabilities</b>	<b>16,637</b>	<b>13,400</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	15,000	15,000
Capital surplus	10,099	10,102
Retained earnings	12,438	12,397
Treasury shares	(140)	(120)
<b>Total shareholders' equity</b>	<b>37,398</b>	<b>37,378</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	54	143
Remeasurements of defined benefit plans	336	359
<b>Total accumulated other comprehensive income</b>	<b>391</b>	<b>502</b>
<b>Total net assets</b>	<b>37,790</b>	<b>37,881</b>
<b>Total net assets and liabilities</b>	<b>54,427</b>	<b>51,281</b>

## Quarterly consolidated statement of income

For the nine months ended December 31, 2023 and 2024

(Million yen)

	First nine months of FY2023 (April 1, 2023 to December 31, 2023)	First nine months of FY2024 (April 1, 2024 to December 31, 2024)
<b>Net sales</b>	<b>29,005</b>	<b>28,143</b>
Cost of sales	22,903	21,951
<b>Gross profit</b>	<b>6,102</b>	<b>6,191</b>
Selling, general and administrative expenses	4,933	4,651
<b>Operating profit</b>	<b>1,168</b>	<b>1,539</b>
<b>Non-operating income</b>		
Interest income	39	38
Dividends income	27	23
Dividend income of insurance	10	11
Other	14	18
<b>Total non-operating income</b>	<b>92</b>	<b>93</b>
<b>Non-operating expenses</b>		
Interest expenses	5	25
Loss on investments in investment partnerships	5	1
Other	2	10
<b>Total non-operating expenses</b>	<b>13</b>	<b>37</b>
<b>Ordinary profit</b>	<b>1,247</b>	<b>1,595</b>
<b>Extraordinary income</b>		
Gain on sale of investment securities	5	—
Gain on liquidation of subsidiaries and associates	18	—
<b>Total extraordinary income</b>	<b>24</b>	<b>—</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	6	17
Special retirement benefits	—	82
Other	—	22
<b>Total extraordinary losses</b>	<b>6</b>	<b>122</b>
<b>Profit before income taxes</b>	<b>1,265</b>	<b>1,473</b>
<b>Income taxes</b>	<b>556</b>	<b>474</b>
<b>Profit</b>	<b>709</b>	<b>998</b>
<b>Profit attributable to owners of parent</b>	<b>709</b>	<b>998</b>

## Quarterly Consolidated Statement of Comprehensive Income

For the nine months ended December 31, 2023 and 2024

(Million yen)

	First nine months of FY2023 (April 1, 2023 to December 31, 2023)	First nine months of FY2024 (April 1, 2024 to December 31, 2024)
<b>Profit</b>	<b>709</b>	<b>998</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	134	88
Remeasurements of defined benefit plans, net of tax	52	22
<b>Total other comprehensive income</b>	<b>187</b>	<b>110</b>
<b>Comprehensive income</b>	<b>896</b>	<b>1,109</b>
Comprehensive income attributable		
Comprehensive income attributable to owners of parent	896	1,109



## Quarterly consolidated statement of cash flow

For the nine months ended December 31, 2023 and 2024

(Million yen)

	First nine months of FY2023 (April 1, 2023 to December 31, 2023)	First nine months of FY2024 (April 1, 2024 to December 31, 2024)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,265	1,473
Depreciation	1,336	1,379
Increase (decrease) in provision for bonuses	(533)	(569)
Increase (decrease) in provision for bonuses for directors (and other officers)	(12)	(0)
Increase (decrease) in provision for loss on order received	(7)	4
Increase (decrease) in provision for retirement benefits for directors (and other officers)	7	(53)
Increase (decrease) in retirement benefit liability	(280)	(401)
Loss (gain) on liquidation of subsidiaries and associates	(18)	—
Loss on retirement of non-current assets	6	17
Loss (gain) on sale of investment securities	(5)	—
Special retirement benefits	—	82
Decrease (increase) in trade receivables	3,657	2,255
Decrease (increase) in inventories	(349)	(282)
Decrease (increase) in other assets	(41)	(146)
Increase (decrease) in trade payables	(383)	(80)
Increase (decrease) in other liabilities	(828)	368
Other, net	(52)	(105)
<b>(Subtotal)</b>	<b>3,759</b>	<b>3,942</b>
Income taxes refund	6	397
Income taxes paid	(1,258)	(1,156)
<b>Net cash provided by (used in) operating activities</b>	<b>2,507</b>	<b>3,184</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(999)	1,000
Net decrease (increase) in short-term investment securities	2,300	—
Purchase of property, plant and equipment	(9,489)	(1,117)
Purchase of intangible assets	(765)	(1,248)
Purchase of long-term prepaid expenses	(240)	(52)
Purchase of investment securities	(10)	(2)
Proceeds from sale of investment securities	5	—
Proceeds from redemption of investment securities	—	200
Proceeds from liquidation of subsidiaries and associates	30	—
Payments of leasehold and guarantee deposits	(164)	(257)
Proceeds from refund of leasehold and guarantee deposits	66	413
Payments for asset retirement obligations	(5)	(250)
Other, net	1	22
<b>Net cash provided by (used in) investing activities</b>	<b>(9,271)</b>	<b>(1,293)</b>

(Million yen)

	First nine months of FY2023 (April 1, 2023 to December 31, 2023)	First nine months of FY2024 (April 1, 2024 to December 31, 2024)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowing	5,000	—
Repayments of long-term borrowings	—	(208)
Repayments of lease obligations	(10)	(4)
Purchase of treasury shares	(1)	(1)
Cash dividends paid	(1,010)	(1,014)
<b>Net cash provided by (used in) financing activities</b>	<b>3,977</b>	<b>(1,229)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,787)</b>	<b>660</b>
<b>Beginning cash and cash equivalent balance</b>	<b>9,162</b>	<b>5,265</b>
<b>Ending cash and cash equivalent balance</b>	<b>6,375</b>	<b>5,926</b>