

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

July 31, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Japanese standard)

Company name: INES Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 9742
 URL: <https://www.ines.co.jp/en/>
 Representative: Shuji Hattori, President and Representative Director
 Contacts: Satoshi Numazaki, General Manager, Corporate Staff Division
 Tel: +81-3-6775-4401
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of financial results briefing: No

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

1. Consolidated financial results for the three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative) (Figures in percentages denote 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, 2025	7,712	(8.6)	(878)	–	(861)	–	(618)	–
June 30, 2024	8,436	(15.3)	(321)	–	(304)	–	(275)	–

Note: Comprehensive income For the three months ended June 30, 2025: ¥(585) million [–%]
 For the three months ended June 30, 2024: ¥(230) million [–%]

	Profit per share	Fully diluted profit per share
Three months ended	Yen	Yen
June 30, 2025	(29.74)	–
June 30, 2024	(13.24)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	51,675	38,004	73.5
March 31, 2025	56,727	39,192	69.1

Reference: Shareholders' equity
 As of June 30, 2025: ¥38,004 million
 As of March 31, 2025: ¥39,192 million

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	–	25.00	–	30.00	55.00
Fiscal year ending March 31, 2026	–				
Fiscal year ending March 31, 2026 (Forecast)		–	–	–	60.00

Note: Revisions to the forecast of cash dividends most recently announced: No

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	134.53

Note: Revisions to the earnings forecasts most recently announced: No

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: No
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to page 10 of the accompanying materials “2. Quarterly consolidated financial statements and significant notes thereto, (4) Notes to quarterly consolidated financial statements, (Notes to accounting treatment specific to the preparation of quarterly consolidated financial statements).”

- (3) 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

- (4) Number of issued shares (common shares)

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

As of June 30, 2025	20,900,000 shares
As of March 31, 2025	20,900,000 shares

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

As of June 30, 2025	86,693 shares
As of March 31, 2025	99,687 shares

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

Three months ended June 30, 2025	20,806,790 shares
Three months ended June 30, 2024	20,805,961 shares

- * Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or audit corporations: No

- * 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 3 of the accompanying materials “1. Outline of Operating Results, (3) Explanation of consolidated earnings forecast and other forward-looking statements.”

- Table of contents of the attached materials

Index

1.	Outline of Operating Results	2
	(1) Outline of Operating Results for the First Three Months Ended June 30, 2025	2
	(2) Outline of Financial Position for the First Three Months Ended June 30, 2025	3
	(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	3
2.	Quarterly consolidated financial statements and significant notes thereto	5
	(1) Quarterly consolidated balance sheets.....	5
	(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income	7
	Quarterly consolidated statement of income	7
	Quarterly consolidated statement of comprehensive income	8
	(3) Quarterly consolidated statement of cash flow.....	9
	(4) Notes to Quarterly Consolidated Financial Statements	10
	Notes to accounting treatment specific to the preparation of quarterly consolidated financial statements	10
	Notes on segment information, etc	10
	Notes when there are significant changes in amounts of equity.....	10
	Notes on premise of going concern	10

1. Outline of Operating Results

In the domestic IT service market, where the Group operates, initiatives to address the worsening labor shortage and utilize digital transformation (DX) continued, and digital-related investments remained strong. Additionally, with the government setting out infrastructure development for a new era and the thorough use of new technologies such as AI and digital in the “Basic Concept for Regional Revitalization 2.0,” and the social implementation of digital technology and digital financial reform in its “Basic Policies,” the process for DX promotion in public and private sectors will continue to accelerate, and continued growth is expected for the Group’s business areas.

In this business environment, the Group promoted the following initiatives in the second year of the 2026 Medium-Term Management Plan.

“Standardization of local government information systems”

In preparation for the standardization of local government information systems, we have established a framework at the headquarters and all locations nationwide to ensure the provision of a safe and secure system, and worked on strengthening its quality. We will make company-wide efforts for the system migration, which will start in earnest from this fiscal year, while maintaining close communication with related vendors and alliance partners.

In terms of the private sector growth strategy we are working on during the standardization period, we have accelerated the selection and concentration we have been working on since the previous year, and are working on improving profitability, including withdrawing from low-profit projects.

“Development of next-generation solutions”

The next generation of the WebRings will serve as the core of capturing new demand in the full-fledged promotion of local government DX following the standardization of local government information systems. In this development endeavor, we aim to establish our competitive superiority by working to implement advanced functions such as AI under the concept of being connected. We are continuing development to further enhance our value by reducing the workload on local government personnel through the implementation of AI agent functions, facilitating seamless information sharing within local governments, as well as promoting collaboration with peer solutions and private enterprises. In regional DX solutions, we will utilize the know-how previously cultivated through local government DX to pursue the creation of new solutions for regions and the private sector.

“Enhancement of business foundations”

As an expansion of our business base that supports these business activities, we will demonstrate the effects of our partnership promotion and work to expand the number of customers and strengthen our customer base by utilizing alliance partners. Additionally, in order to improve the productivity and quality of development using AI, we are proactively incorporating technological innovations, such as code generation functions.

Regarding the promotion of sustainable management, as part of our investment into human capital, we have initiated the operation of a new personnel system that allows engineers to further enhance their expertise and thrive. We will evaluate an engineer’s expertise and level of contributions more appropriately and work to enhance our technological strengths and organizational capabilities. In terms of financial and capital strategies, in order to enhance shareholder value, we will optimize capital efficiency for the Group as a whole, and in addition, we will continue to make strategic investments for business expansion.

(1) Outline of Operating Results for the First Three Months Ended June 30, 2025

Consolidated net sales for the first three months under review decreased 8.6% year on year, to ¥7,712 million (please refer to “Consolidated net sales by sector,” which are shown in the table below). Net sales in the Public sector stood at ¥3,093 million (down 9.3% year on year), mainly reflecting lower sales due to the local government system standardization’s start of operation being delayed. Net sales in the Private sector stood at ¥4,618 million (down 8.1% year on year), mainly reflecting a decline in the development of a system for finance business and lower sales due to the partial withdrawal of the outsourcing business in the Group company.

On the profit front, operating loss came to ¥878 million (compared to operating loss of ¥321 million in the same period of the previous year) and the ordinary loss was ¥861 million (compared to an ordinary

loss of ¥304 million in the same period of the previous year), mainly reflecting lower net sales in each field and worsening cost ratio for the project as a whole associated with the extension of the local government system standardization. As a result, the Company recorded a loss attributable to owners of parent of ¥618 million (compared with loss attributable to owners of parent of ¥275 million in the same period of the previous year).

Consolidated net sales by sector

(Millions of yen)

Category/Term	Three months ended June 30, 2024		Three months ended June 30, 2025		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
Public	3,411	40.4%	3,093	40.1%	(9.3)%
Private	5,024	59.6%	4,618	59.9%	(8.1)%
Total	8,436	100.0%	7,712	100.0%	(8.6)%

Consolidated net sales by product/service

(Millions of yen)

Category/Term	Three months ended June 30, 2024		Three months ended June 30, 2025		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
System development	3,297	39.1%	2,825	36.6%	(14.3)%
System operation	3,211	38.1%	3,241	42.0%	0.9%
System Maintenance	1,216	14.4%	1,186	15.4%	(2.5)%
Sales of information equipment	166	2.0%	87	1.1%	(47.1)%
Other	545	6.4%	371	4.9%	(31.9)%
Total	8,436	100.0%	7,712	100.0%	(8.6)%

(2) Outline of Financial Position for the First Three Months Ended June 30, 2025

Looking at the financial position as of June 30, 2025, total assets stood at ¥51,675 million, a decrease of ¥5,051 million from the end of the previous fiscal year.

Current assets decreased ¥4,468 million, to ¥20,295 million, reflecting decreases mainly in notes and accounts receivable-trade, and contract assets. Non-current assets decreased ¥582 million, to ¥31,380 million, mainly due to a decrease in investment securities.

Current liabilities decreased ¥3,549 million to ¥6,415 million, reflecting decreases mainly in short-term borrowings. Non-current liabilities decreased ¥314 million to ¥7,255 million, reflecting decreases mainly in long-term borrowings.

Net assets decreased ¥1,187 million from the end of the previous fiscal year, to ¥38,004 million mainly due to the posting of loss attributable to owners of parent and dividends paid.

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

The consolidated financial results forecast and dividend forecast published on April 30, 2025 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.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	8,205	14,136
Notes and accounts receivable - trade, and contract assets	15,473	4,122
Securities	-	201
Work in process	399	612
Raw materials and supplies	55	82
Prepaid expenses	505	918
Other	139	225
Allowance for doubtful accounts	(15)	(4)
Total current assets	24,764	20,295
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,951	6,012
Accumulated depreciation	(665)	(733)
Buildings and structures, net	5,286	5,279
Tools, furniture and fixtures	4,020	4,005
Accumulated depreciation	(2,951)	(3,011)
Tools, furniture and fixtures, net	1,068	994
Land	5,299	5,299
Total property, plant and equipment	11,654	11,573
Intangible assets		
Software	3,216	3,662
Other	22	22
Total intangible assets	3,238	3,684
Investments and other assets		
Investment securities	11,836	10,660
Long-term prepaid expenses	503	442
Deferred tax assets	3,514	3,879
Other	1,215	1,139
Total investments and other assets	17,069	16,122
Total non-current assets	31,963	31,380
Total assets	56,727	51,675

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	2,639	1,771
Short-term borrowings	3,000	–
Current portion of long-term borrowings	833	833
Accrued expenses	960	828
Income taxes payable	253	121
Accrued consumption taxes	571	115
Advances received	136	405
Provision for bonuses	925	1,476
Provision for bonuses for directors (and other officers)	107	28
Asset retirement obligations	10	3
Other	526	830
Total current liabilities	9,965	6,415
Non-current liabilities		
Long-term borrowings	3,749	3,541
Provision for retirement benefits for directors (and other officers)	35	22
Retirement benefit liability	2,866	2,778
Asset retirement obligations	146	142
Other	772	771
Total non-current liabilities	7,569	7,255
Total liabilities	17,535	13,671
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	10,102	10,108
Retained earnings	13,835	12,592
Treasury shares	(120)	(105)
Total shareholders' equity	38,816	37,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	153	180
Remeasurements of defined benefit plans	222	228
Total accumulated other comprehensive income	375	409
Total net assets	39,192	38,004
Total liabilities and net assets	56,727	51,675

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

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	8,436	7,712
Cost of sales	7,208	6,946
Gross profit	1,228	766
Selling, general and administrative expenses	1,549	1,645
Operating loss	(321)	(878)
Non-operating income		
Interest income	13	10
Dividend income	7	14
Other	6	12
Total non-operating income	27	37
Non-operating expenses		
Interest expenses	7	16
Other	2	3
Total non-operating expenses	10	20
Ordinary loss	(304)	(861)
Extraordinary income		
Gain on sale of membership	-	2
Total extraordinary income	-	2
Extraordinary losses		
Loss on retirement of non-current assets	7	-
Special retirement benefits	45	-
Other	15	-
Total extraordinary losses	68	-
Loss before income taxes	(372)	(858)
Income taxes	(96)	(239)
Loss	(275)	(618)
Loss attributable to owners of parent	(275)	(618)

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Loss	(275)	(618)
Other comprehensive income		
Valuation difference on available-for-sale securities	37	27
Remeasurements of defined benefit plans, net of tax	7	5
Total other comprehensive income	45	33
Comprehensive income	(230)	(585)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(230)	(585)

(3) Quarterly consolidated statement of cash flow

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities		
Loss before income taxes	(372)	(858)
Depreciation	438	421
Increase (decrease) in provision for bonuses	471	550
Increase (decrease) in provision for bonuses for directors (and other officers)	(53)	(79)
Increase (decrease) in provision for loss on orders received	36	-
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(55)	(13)
Increase (decrease) in retirement benefit liability	(101)	(79)
Loss on retirement of non-current assets	7	-
Loss (gain) on sale of membership	-	(2)
Special retirement benefits	45	-
Decrease (increase) in trade receivables	6,399	11,620
Decrease (increase) in inventories	(219)	(239)
Decrease (increase) in other assets	23	(428)
Increase (decrease) in trade payables	2	(813)
Increase (decrease) in other liabilities	(357)	(428)
Other, net	(77)	(61)
Subtotal	6,186	9,587
Income taxes refund	42	0
Income taxes paid	(727)	(128)
Net cash provided by (used in) operating activities	5,500	9,459
Cash flows from investing activities		
Net decrease (increase) in time deposits	1,000	-
Purchase of property, plant and equipment	(871)	(195)
Proceeds from sale of property, plant and equipment	-	24
Purchase of intangible assets	(333)	(611)
Purchase of long-term prepaid expenses	(20)	(16)
Purchase of investment securities	(1)	(0)
Proceeds from redemption of investment securities	-	1,000
Proceeds from sale of membership	-	5
Payments of leasehold and guarantee deposits	(40)	(11)
Proceeds from refund of leasehold and guarantee deposits	173	84
Payments for asset retirement obligations	(8)	(10)
Other, net	-	7
Net cash provided by (used in) investing activities	(102)	276
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(3,000)
Repayments of long-term borrowings	-	(208)
Repayments of lease liabilities	(0)	(0)
Purchase of treasury shares	(0)	(0)
Dividends paid	(493)	(595)
Net cash provided by (used in) financing activities	(494)	(3,804)
Net increase (decrease) in cash and cash equivalents	4,903	5,931
Cash and cash equivalents at beginning of period	5,265	7,991
Cash and cash equivalents at end of period	10,168	13,923

(4) Notes to Quarterly Consolidated Financial Statements**Notes to accounting treatment specific to the preparation of quarterly consolidated financial statements***Calculation of tax expense*

Tax expense is calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the first quarter under review, and multiplying profit before income taxes by this estimated effective tax rate.

Notes on segment information, etc.

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.

Notes when there are significant changes in amounts of equity

Dividends of surplus

Regarding the year-end dividends for the previous fiscal year, the Company resolved the following at the Ordinary General Meeting of Shareholders held on June 25, 2025.

- | | |
|--------------------------------|-------------------|
| (1) Types of shares: | Common stocks |
| (2) Total amount of dividends: | ¥624 million |
| (3) Dividends per share: | ¥30 |
| (4) Record date: | March 31, 2025 |
| (5) Effective date: | June 26, 2025 |
| (6) Source of dividends: | Retained earnings |

Notes on premise of going concern

Not applicable.