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, 2026

Consolidated Financial Results for the Three Months Ended June 30, 2026 (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
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
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, 2026 (April 1, 2026 to June 30, 2026)

(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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	8,692	12.7	(78)	–	(60)	–	(80)	–
June 30, 2025	7,712	(8.6)	(878)	–	(861)	–	(618)	–

Note: Comprehensive income For the three months ended June 30, 2026: ¥74 million [-%]
For the three months ended June 30, 2025: ¥(585) million [–%]

	Profit per share	Fully diluted profit per share
Three months ended	Yen	Yen
June 30, 2026	(3.85)	–
June 30, 2025	(29.74)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	48,743	36,540	75.0
March 31, 2026	49,361	36,966	74.9

Reference: Shareholders' equity
As of June 30, 2026: ¥36,540 million
As of March 31, 2026: ¥36,966 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, 2026	–	25.00	–	25.00	50.00
Fiscal year ending March 31, 2027	–				
Fiscal year ending March 31, 2027 (Forecast)		–	–	–	55.00

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, 2027 (April 1, 2026 to March 31, 2027)

(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	40,000	9.2	2,500	–	2,500	–	1,700	–	81.64

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, 2026	20,900,000 shares
As of March 31, 2026	20,900,000 shares

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

As of June 30, 2026	77,593 shares
As of March 31, 2026	87,301 shares

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

Three months ended June 30, 2026	20,817,563 shares
Three months ended June 30, 2025	20,806,790 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.”

(How to obtain supplementary material on financial results)

Supplementary material on financial results is disclosed on TDnet on the same day.

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1. Outline of operating results

In the domestic IT service market, which is the main business area of the Group, we are seeing an expansion of investments in digital transformation (DX), including those to address the shortage of IT personnel due to the declining birthrate and aging population and those to improve productivity through the utilization of AI. Looking at the Company's business sectors, particularly in the public sector, we recognize that there is an expectation to advance businesses that utilize advanced IT/DX technologies and leverage experience and insights cultivated through such business, as exemplified by the establishment of a "Secure AX/DX (AI transformation/digital transformation) Infrastructure for national and local governments" as proposed by the government's Japan Growth Strategy Council.

Under such a business environment, the Group has launched the 2028 Medium-Term Management Plan starting from the current fiscal year, based on three business strategy pillars: "regional DX strategy," "local government package strategy," and "solution business strategy," to advance our businesses in order to address policy issues and meet demand in the private sector.

"Regional DX strategy"

We aim to create new business opportunities by leveraging our strength in having a rich customer base in both the public and private sectors. Specifically, we will focus on areas such as "DX for administrative procedures, services, etc." "welfare consultation," and "disaster prevention," which are key areas of the digital administrative and financial reform, and promote the provision and enhancement of solution functions with a view to future data collaboration between the public and private sectors. Additionally, we will address regional social issues by utilizing alliances with other industries, based on our existing business areas and the welfare domain.

"Local government package strategy"

We are promoting the transition to a recurring revenue business by taking advantage of the standardization of local government information systems and the expansion of our local government market share. We are ensuring a reliable transition to "WebRings," our quality-emphasizing, standard-compliant system, and are also preparing to introduce the "next-generation WebRings" to organizations with the specified transition support system. In addition, we are actively engaging in order-taking activities for new large-scale organizations and proposing upsell opportunities to existing customers for the comprehensive welfare package (comprehensive welfare integration), striving to enhance customer lifetime value.

"Solution business strategy"

We are promoting the transition from the traditional contract development model to a solution-based model utilizing AI. We aim to expand the solutions offered to our extensive customer base while consolidating the Group's overall operations and maintenance tasks to enhance expertise and improve profitability through the optimal allocation of management resources. Additionally, by actively utilizing generative AI technology, we are establishing a development environment that enables high-quality and rapid implementation, striving to improve service levels and productivity, thereby enhancing profitability.

As part of our investment in human capital to promote sustainable management, we are enhancing the expertise of our engineers and advancing human resource investments aligned with our business strategy to strengthen our technological and organizational capabilities. In our financial capital strategy, we are working to optimize capital efficiency across the Group while continuing strategic investments for future business expansion.

(1) Outline of operating results for the first three months ended June 30, 2026

Consolidated net sales for the first three months under review increased 12.7% year on year, to ¥8,692 million (please refer to "Consolidated net sales by sector," which are shown in the table below). In the public sector, net sales were at a low level during the same period of the previous fiscal year due to the extension of local government system standardization and the review of transition methods. However, in the first three months under review, net sales reached ¥3,936 million (up 27.2% year on year) as the measures towards full system operation progressed according to the revised transition plan. Net sales in the private sector stood at ¥4,756 million (up 3.0% year on year), mainly reflecting an increase in the development of a system for finance business.

On the profit front, there has been a significant improvement from the same period of the previous fiscal year, mainly due to increased revenue in the public sector. However, due to the amortization of development investments related to the local government system standardization, operating loss was ¥78 million (compared to operating loss of ¥878 million in the same period of the previous fiscal year), and the ordinary loss was ¥60 million (compared to ordinary loss of ¥861 million in the same period of the previous fiscal year). As a result, the Company recorded a loss attributable to owners of parent of ¥80 million (compared to loss attributable to owners of parent of ¥618 million in the same period of the previous fiscal year).

The local government system standardization has begun operations as planned during the first three months under review. We will continue to strive for the steady execution of the plan.

[Consolidated net sales by sector]

(Millions of yen)

Category/Term	Three months ended June 30, 2025		Three months ended June 30, 2026		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
Public	3,093	40.1%	3,936	45.3%	27.2%
Private	4,618	59.9%	4,756	54.7%	3.0%
Total	7,712	100.0%	8,692	100.0%	12.7%

[Consolidated net sales by product/service]

(Millions of yen)

Category/Term	Three months ended June 30, 2025		Three months ended June 30, 2026		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
System development	2,825	36.6%	3,778	43.4%	33.7%
System operation	3,241	42.0%	3,354	38.6%	3.5%
System maintenance	1,186	15.4%	1,160	13.4%	(2.2)%
Sales of information equipment	87	1.1%	60	0.7%	(31.5)%
Other	371	4.9%	338	3.9%	(8.7)%
Total	7,712	100.0%	8,692	100.0%	12.7%

(2) Outline of financial position for the first three months ended June 30, 2026

Looking at the financial position as of June 30, 2026, total assets stood at ¥48,743 million, a decrease of ¥617 million from the end of the previous fiscal year.

Current assets increased ¥503 million to ¥22,721 million, mainly reflecting increases in cash and deposits due to the collection of notes and accounts receivable - trade. Non-current assets decreased ¥1,121 million to ¥26,021 million, mainly due to a decrease in investment securities resulting from the redemption of bonds and the amortization of software assets.

Current liabilities decreased ¥16 million to ¥6,914 million. Non-current liabilities decreased ¥175 million to ¥5,288 million, reflecting decreases mainly in long-term borrowings.

Net assets decreased ¥425 million from the end of the previous fiscal year, to ¥36,540 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 May 7, 2026 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, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	8,487	16,141
Notes and accounts receivable - trade, and contract assets	12,574	4,866
Securities	100	–
Work in process	282	553
Raw materials and supplies	81	86
Prepaid expenses	572	969
Other	132	108
Allowance for doubtful accounts	(13)	(6)
Total current assets	22,217	22,721
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,064	6,067
Accumulated depreciation	(953)	(1,031)
Buildings and structures, net	5,110	5,035
Tools, furniture and fixtures	3,995	3,923
Accumulated depreciation	(3,087)	(3,066)
Tools, furniture and fixtures, net	907	856
Land	5,299	5,299
Total property, plant and equipment	11,318	11,192
Intangible assets		
Software	3,346	3,079
Other	22	22
Total intangible assets	3,369	3,102
Investments and other assets		
Investment securities	7,824	7,080
Long-term prepaid expenses	381	352
Deferred tax assets	3,126	3,221
Other	1,122	1,073
Total investments and other assets	12,455	11,727
Total non-current assets	27,143	26,021
Total assets	49,361	48,743

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	2,612	1,599
Current portion of long-term borrowings	833	833
Accrued expenses	815	774
Income taxes payable	91	141
Accrued consumption taxes	108	154
Advances received	184	693
Provision for bonuses	947	1,411
Provision for bonuses for directors (and other officers)	114	26
Provision for loss on orders received	488	340
Asset retirement obligations	8	9
Other	726	930
Total current liabilities	6,930	6,914
Non-current liabilities		
Long-term borrowings	2,916	2,707
Provision for retirement benefits for directors (and other officers)	23	22
Retirement benefit liability	1,622	1,669
Asset retirement obligations	143	143
Other	759	744
Total non-current liabilities	5,464	5,288
Total liabilities	12,395	12,203
Net assets		
Shareholders’ equity		
Share capital	15,000	15,000
Capital surplus	10,108	10,116
Retained earnings	10,847	10,247
Treasury shares	(106)	(94)
Total shareholders’ equity	35,849	35,269
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	343	516
Remeasurements of defined benefit plans	773	754
Total accumulated other comprehensive income	1,116	1,271
Total net assets	36,966	36,540
Total liabilities and net assets	49,361	48,743

(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, 2025	Three months ended June 30, 2026
Net sales	7,712	8,692
Cost of sales	6,946	7,162
Gross profit	766	1,529
Selling, general and administrative expenses	1,645	1,608
Operating loss	(878)	(78)
Non-operating income		
Interest income	10	4
Dividend income	14	18
Other	12	12
Total non-operating income	37	35
Non-operating expenses		
Interest expenses	16	15
Other	3	1
Total non-operating expenses	20	17
Ordinary loss	(861)	(60)
Extraordinary income		
Gain on sale of membership	2	8
Total extraordinary income	2	8
Extraordinary losses		
Loss on retirement of non-current assets	–	0
Total extraordinary losses	–	0
Loss before income taxes	(858)	(52)
Income taxes	(239)	27
Loss	(618)	(80)
Loss attributable to owners of parent	(618)	(80)

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Loss	(618)	(80)
Other comprehensive income		
Valuation difference on available-for-sale securities	27	173
Remeasurements of defined benefit plans, net of tax	5	(19)
Total other comprehensive income	33	154
Comprehensive income	(585)	74
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(585)	74

(3) Quarterly consolidated statement of cash flow

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Cash flows from operating activities		
Loss before income taxes	(858)	(52)
Depreciation	421	722
Increase (decrease) in provision for bonuses	550	464
Increase (decrease) in provision for bonuses for directors (and other officers)	(79)	(87)
Increase (decrease) in provision for loss on orders received	–	(148)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(13)	(0)
Increase (decrease) in retirement benefit liability	(79)	5
Loss on retirement of non-current assets	–	0
Loss (gain) on sale of membership	(2)	(8)
Decrease (increase) in trade receivables	11,620	8,216
Decrease (increase) in inventories	(239)	(276)
Decrease (increase) in other assets	(428)	(43)
Increase (decrease) in trade payables	(813)	(1,269)
Increase (decrease) in other liabilities	(428)	355
Other, net	(61)	(28)
Subtotal	9,587	7,847
Income taxes refund	0	2
Income taxes paid	(128)	(156)
Net cash provided by (used in) operating activities	9,459	7,694
Cash flows from investing activities		
Purchase of property, plant and equipment	(195)	(211)
Proceeds from sale of property, plant and equipment	24	–
Purchase of intangible assets	(611)	(239)
Purchase of long-term prepaid expenses	(16)	(22)
Purchase of investment securities	(0)	(7)
Proceeds from redemption of investment securities	1,000	1,100
Proceeds from sale of membership	5	13
Payments of leasehold and guarantee deposits	(11)	(0)
Proceeds from refund of leasehold and guarantee deposits	84	37
Payments for asset retirement obligations	(10)	–
Other, net	7	0
Net cash provided by (used in) investing activities	276	670
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,000)	–
Repayments of long-term borrowings	(208)	(208)
Repayments of lease liabilities	(0)	(0)
Purchase of treasury shares	(0)	(0)
Dividends paid	(595)	(501)
Net cash provided by (used in) financing activities	(3,804)	(710)
Net increase (decrease) in cash and cash equivalents	5,931	7,654
Cash and cash equivalents at beginning of period	7,991	8,273
Cash and cash equivalents at end of period	13,923	15,927

(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 23, 2026.

(1) Types of shares:	Common stocks
(2) Total amount of dividends:	¥520 million
(3) Dividends per share:	¥25
(4) Record date:	March 31, 2026
(5) Effective date:	June 24, 2026
(6) Source of dividends:	Retained earnings

Notes on premise of going concern

Not applicable.