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.

May 7, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 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
Contacts: Masatoshi Mihara, General Manager, Corporate Staff Division
Tel: +81-3-6775-4401

Scheduled date of annual general meeting of shareholders: June 23, 2026
Scheduled date to commence dividend payments: June 24, 2026
Scheduled date to file annual securities report: June 22, 2026
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, 2026 (April 1, 2025 to March 31, 2026)

(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, 2026	36,616	(9.7)	(647)	–	(460)	–	(1,843)	–
March 31, 2025	40,563	0.0	3,536	22.9	3,608	32.0	2,436	35.7

Note: Comprehensive income
For the fiscal year ended March 31, 2026: ¥(1,102) million [–%]
For the fiscal year ended March 31, 2025: ¥2,420 million [(4.3)%]

	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, 2026	(88.57)	–	(4.8)	(0.9)	(1.8)
March 31, 2025	117.13	–	6.3	6.5	8.7

Reference: Equity in earnings of affiliated companies
For the fiscal year ended March 31, 2026: ¥– million
For the fiscal year ended March 31, 2025: ¥– 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, 2026	49,361	36,966	74.9	1,776.13
March 31, 2025	56,727	39,192	69.1	1,884.21

Reference: Shareholders' equity
As of March 31, 2026: ¥36,966 million
As of March 31, 2025: ¥39,192 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, 2026	3,480	1,779	(4,979)	8,273
March 31, 2025	1,478	(288)	1,536	7,991

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, 2025	–	25.00	–	30.00	55.00	1,144	47.0	3.0
Fiscal year ended March 31, 2026	–	25.00	–	25.00	50.00	1,040	–	2.7
Fiscal year ending March 31, 2027 (Forecast)	–	–	–	–	55.00		67.3	

Note: The dividend forecasts for the end of the second quarter and the fiscal year end of the fiscal year ending March 31, 2027 are to be determined at this time.

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	–	81.68

*** 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, 2026	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 March 31, 2026	87,301 shares
As of March 31, 2025	99,687 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	20,811,063 shares
Fiscal year ended March 31, 2025	20,802,381 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 4 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

"Standardization of local government information systems"

In the public sector, our core business, we have been advancing the standardization of local government information systems (local government system standardization). Beginning in January 2026, we have sequentially provided our "WebRings" system, which complies with national standards, to our customers. Due to the effectiveness of the quality measures we have implemented to date, this system is now in use by various local governments. Based on the results of the system's full-scale operation in fiscal year 2025, we will continue to prioritize quality in the transition to standardization plan for fiscal year 2026 and beyond. We will ensure that we provide a safe and secure system so as not to affect resident services.

"Development of next-generation solutions"

Regarding investment in a system that will be the next generation of the WebRings administration system for local governments, we are proceeding with development in anticipation of the transition to standardization system by the organizations which have the specified transition support system, which is set to begin in earnest. In the development of our solutions through AI utilization, we are expediting the research, development, and implementation of "AI agent functions" in addition to the existing function that enhances operational efficiency. We aim to achieve advanced automation of administrative tasks and provide high-value-added next-generation solutions that will drive digital transformation (DX) in local governments.

"Enhancement of business foundations"

In terms of expanding our business base, we are promoting initiatives to expand the number of customers and strengthen our customer base by utilizing solutions from 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 rapid implementation using generative AI.

Regarding our human resource strategy, we have revised our personnel system to focus on evaluating the expertise of engineers, and we have initiated the implementation of this revised system. These initiatives promote the active participation of employees across all age groups to create new growth drivers, such as investments in solution development and the advancement of business strategies.

(1) Outline of Operating Results for the Fiscal Year ended March 31, 2026

Consolidated net sales for the fiscal year under review decreased 9.7% year on year, to ¥36,616 million. Consolidated net sales on a sector-by-sector basis are as shown in the table below. Net sales in the public sector stood at ¥17,077 million (down 14.1% year on year), mainly reflecting lower sales due to the revision to the legal system and the extension of local government system standardization, as well as a decrease in net sales based on revenue recognition standards reflecting the extension of local government system standardization and the change of plans on the transition to standardization projects in the next fiscal year. Net sales in the private sector stood at ¥19,538 million (down 5.6% year on year), mainly reflecting a decline in reaction to the absence of large-scale system development projects in the previous fiscal year and lower sales due to the partial withdrawal of the outsourcing business in the Group company.

By product and service, system development decreased mainly due to the extension of local government system standardization and others decreased due to the partial withdrawal of outsourcing business in the Group company.

On the profit front, operating loss came to ¥647 million (compared to operating profit of ¥3,536 million in the same period of the previous year) and the ordinary loss was ¥460 million (compared to an ordinary profit of ¥3,608 million in the same period of the previous year), mainly reflecting lower net sales in each field, worsening cost ratio for the local government system standardization and the recognition of provision for loss on orders received. In addition, the Company recorded a loss attributable to owners of parent of ¥1,843 million (compared to profit attributable to owners of parent of ¥2,436 million in the same period of the previous year) reflecting impairment losses of ¥1,104 million due to uncollectible investments in the standardization-related development.

[Consolidated net sales by sector]

(Millions of yen)

Category/Term	Previous Fiscal Year (From April 1, 2024 to March 31, 2025)		Current Fiscal Year (From April 1, 2025 to March 31, 2026)		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
Public	19,873	49.0%	17,077	46.6%	(14.1)%
Private	20,689	51.0%	19,538	53.4%	(5.6)%
Total	40,563	100.0%	36,616	100.0%	(9.7)%

Consolidated net sales by product/service

(Millions of yen)

Category/Term	Previous Fiscal Year (From April 1, 2024 to March 31, 2025)		Current Fiscal Year (From April 1, 2025 to March 31, 2026)		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
System development	19,797	48.8%	16,672	45.6%	(15.8)%
System operation	12,672	31.2%	12,685	34.6%	0.1%
System maintenance	4,929	12.2%	5,014	13.7%	1.7%
Sales of information equipment	1,143	2.8%	672	1.8%	(41.2)%
Other	2,019	5.0%	1,571	4.3%	(22.2)%
Total	40,563	100.0%	36,616	100.0%	(9.7)%

(2) Outline of Financial Position for the Fiscal Year Ended March 31, 2026

(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 ¥49,361 million, a decrease of ¥7,366 million from the end of the previous fiscal year.

Current assets decreased ¥2,546 million, to ¥22,217 million, reflecting decreases mainly in notes and accounts receivable - trade, and contract assets. Non-current assets decreased ¥4,819 million, to ¥27,143 million, mainly due to recognition of impairment losses in software and a decrease in investment securities for the redemption of bonds, etc.

Current liabilities decreased ¥3,034 million to ¥6,930 million, reflecting decreases mainly in short-term borrowings. Non-current liabilities decreased ¥2,105 million to ¥5,464 million, reflecting decreases in long-term borrowings and retirement benefit liability.

Net assets decreased ¥2,226 million from the end of the previous fiscal year, to ¥36,966 million mainly due to the posting of loss attributable to owners of parent and dividends paid.

(ii) Cash flow situation

At the end of the fiscal year under review, cash and cash equivalents (“Cash”) increased ¥281 million from the end of the previous fiscal year, to ¥8,273 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 increased 135.4% year on year, to ¥3,480 million. This was mainly due to a decrease in trade receivables of ¥2,947 million.

(Cash flows from investing activities)

Net cash provided by investing activities was ¥1,779 million (compared to ¥288 million used in the same period of the previous year). This was mainly attributable to proceeds from redemption of investment securities of ¥4,123 million and expenses for the purchase of intangible assets of ¥2,066 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥4,979 million (compared to ¥1,536 million proceeds in the same period of the previous year). This was mainly due to expenses for repayments of short-term borrowings of ¥3,000 million and dividends paid of ¥1,142 million.

(3) Future Outlook

The Japan economy is expected to continue recovering moderately due to the improvement in the employment situation and the effects of various policies. In the domestic IT market, due to IT talent shortage and increasing upward pressure on development costs, we recognize the need a shift toward productivity improvement using generative AI, etc. and provision of high-value-added services. In this environment, for the fiscal year ending March 2027, the first year of its 2028 Medium-Term Management Plan, the Group continues to conduct its businesses with a focus on three core strategies, namely the community challenge solution model, which creates new businesses by leveraging its strengths in both the local government and private sectors, the local government package strategy, which aims to expand its market share with local governments, and the solution business strategy, through AI utilization.

Based on the outlook for the future, the consolidated earnings forecast for the fiscal year ending March 31, 2027 is as follows.

[Forecasts for consolidated financial results for the fiscal year ending March 31, 2027]

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Year ending March 31, 2027	40,000	2,500	2,500	1,700
Year ended March 31, 2026	36,616	(647)	(460)	(1,843)
YoY change (%)	9.2	–	–	–

With respect to the annual dividend forecasts for the fiscal year ending March 31, 2027, the Company expects to pay ¥55 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, 2027 (Forecast)	–	–	55.00
Fiscal year ended March 31, 2026	25.00	25.00	50.00
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, 2027 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 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, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	8,205	8,487
Notes and accounts receivable - trade, and contract assets	15,473	12,574
Securities	–	100
Work in process	399	282
Raw materials and supplies	55	81
Prepaid expenses	505	572
Other	139	132
Allowance for doubtful accounts	(15)	(13)
Total current assets	24,764	22,217
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,951	6,064
Accumulated depreciation	(665)	(953)
Buildings and structures, net	5,286	5,110
Tools, furniture and fixtures	4,020	3,995
Accumulated depreciation	(2,951)	(3,087)
Tools, furniture and fixtures, net	1,068	907
Land	5,299	5,299
Total property, plant and equipment	11,654	11,318
Intangible assets		
Software	3,216	3,346
Other	22	22
Total intangible assets	3,238	3,369
Investments and other assets		
Investment securities	11,836	7,824
Long-term prepaid expenses	503	381
Deferred tax assets	3,514	3,126
Other	1,215	1,122
Total investments and other assets	17,069	12,455
Total non-current assets	31,963	27,143
Total assets	56,727	49,361

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	2,639	2,612
Short-term borrowings	3,000	–
Current portion of long-term borrowings	833	833
Accrued expenses	960	815
Income taxes payable	253	91
Accrued consumption taxes	571	108
Advances received	136	184
Provision for bonuses	925	947
Provision for bonuses for directors (and other officers)	107	114
Provision for loss on orders received	–	488
Asset retirement obligations	10	8
Other	526	726
Total current liabilities	9,965	6,930
Non-current liabilities		
Long-term borrowings	3,749	2,916
Provision for retirement benefits for directors (and other officers)	35	23
Retirement benefit liability	2,866	1,622
Asset retirement obligations	146	143
Other	772	759
Total non-current liabilities	7,569	5,464
Total liabilities	17,535	12,395
Net assets		
Shareholders’ equity		
Share capital	15,000	15,000
Capital surplus	10,102	10,108
Retained earnings	13,835	10,847
Treasury shares	(120)	(106)
Total shareholders’ equity	38,816	35,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	153	343
Remeasurements of defined benefit plans	222	773
Total accumulated other comprehensive income	375	1,116
Total net assets	39,192	36,966
Total liabilities and net assets	56,727	49,361

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	40,563	36,616
Cost of sales	30,847	*5 31,253
Gross profit	9,715	5,362
Selling, general and administrative expenses	*1, *2 6,179	*1, *2 6,010
Operating profit (loss)	3,536	(647)
Non-operating income		
Interest income	51	39
Dividend income	37	63
Rental income from real estate	8	25
Compensation income	–	90
Dividend income of insurance	16	8
Other	18	34
Total non-operating income	133	261
Non-operating expenses		
Interest expenses	40	55
Rental expenses on real estate	5	7
Loss on investments in investment partnerships	1	–
Office relocation expenses	10	7
Other	3	4
Total non-operating expenses	61	74
Ordinary profit (loss)	3,608	(460)
Extraordinary income		
Gain on sale of membership	18	6
Gain on liquidation of subsidiaries and associates	0	–
Total extraordinary income	18	6
Extraordinary losses		
Loss on retirement of non-current assets	*3 21	*3 10
Removal expenses of non-current assets	20	–
Loss on redemption of investment securities	–	76
Impairment losses	–	*4 1,104
Special retirement benefits	71	–
Other	2	–
Total extraordinary losses	114	1,190
Profit (loss) before income taxes	3,511	(1,645)
Income taxes - current	440	196
Income taxes - deferred	634	1
Total income taxes	1,075	198
Profit (loss)	2,436	(1,843)
Profit (loss) attributable to owners of parent	2,436	(1,843)

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit (loss)	2,436	(1,843)
Other comprehensive income		
Valuation difference on available-for-sale securities	98	190
Remeasurements of defined benefit plans, net of tax	(114)	550
Total other comprehensive income	* (15)	* 740
Comprehensive income	2,420	(1,102)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,420	(1,102)

(3) Consolidated statements of changes in shareholders' equity

Previous fiscal year (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

Fiscal year under review (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,000	10,102	13,835	(120)	38,816
Changes during period					
Dividends of surplus			(1,144)		(1,144)
Loss attributable to owners of parent			(1,843)		(1,843)
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		6		16	22
Net changes in items other than shareholders' equity					
Total changes during period	–	6	(2,987)	14	(2,967)
Balance at end of period	15,000	10,108	10,847	(106)	35,849

	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	153	222	375	39,192
Changes during period				
Dividends of surplus				(1,144)
Loss attributable to owners of parent				(1,843)
Purchase of treasury shares				(1)
Disposal of treasury shares				22
Net changes in items other than shareholders' equity	190	550	740	740
Total changes during period	190	550	740	(2,226)
Balance at end of period	343	773	1,116	36,966

(4) Consolidated statement of cash flow

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	3,511	(1,645)
Depreciation	1,917	1,844
Impairment losses	–	1,104
Increase (decrease) in provision for bonuses	(34)	21
Increase (decrease) in provision for bonuses for directors (and other officers)	26	6
Increase (decrease) in provision for loss on orders received	(49)	488
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(53)	(12)
Increase (decrease) in retirement benefit liability	(735)	(446)
Loss (gain) on liquidation of subsidiaries and associates	(0)	–
Loss on retirement of non-current assets	21	10
Loss (gain) on redemption of investment securities	–	76
Loss (gain) on sale of membership	(18)	(6)
Office relocation expenses	10	7
Removal expenses of non-current assets	20	–
Special retirement benefits	71	–
Decrease (increase) in trade receivables	(3,610)	2,947
Decrease (increase) in inventories	(2)	91
Decrease (increase) in other assets	(67)	(101)
Increase (decrease) in trade payables	907	44
Increase (decrease) in other liabilities	408	(713)
Other, net	(86)	3
Subtotal	2,237	3,722
Income taxes refund	398	105
Income taxes paid	(1,158)	(346)
Net cash provided by (used in) operating activities	1,478	3,480
Cash flows from investing activities		
Net decrease (increase) in time deposits	999	(0)
Purchase of property, plant and equipment	(1,432)	(316)
Proceeds from sale of property, plant and equipment	–	24
Purchase of intangible assets	(1,508)	(2,066)
Purchase of long-term prepaid expenses	(98)	(76)
Purchase of investment securities	(2)	(1)
Proceeds from redemption of investment securities	1,800	4,123
Proceeds from sale of membership	38	16
Proceeds from liquidation of subsidiaries and associates	0	–
Payments of leasehold and guarantee deposits	(259)	(48)
Proceeds from refund of leasehold and guarantee deposits	423	126
Payments for asset retirement obligations	(271)	(28)
Other, net	22	25
Net cash provided by (used in) investing activities	(288)	1,779

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,000	(3,000)
Repayments of long-term borrowings	(416)	(833)
Repayments of lease liabilities	(5)	(1)
Purchase of treasury shares	(2)	(1)
Dividends paid	(1,039)	(1,142)
Net cash provided by (used in) financing activities	1,536	(4,979)
Net increase (decrease) in cash and cash equivalents	2,726	281
Cash and cash equivalents at beginning of period	5,265	7,991
Cash and cash equivalents at end of period	* 7,991	* 8,273

(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 Integrated Service, Inc.

2. Matters related to the application of the equity method

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

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 market prices

   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 (not more than 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 past 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 sectors.

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) Sale 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 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, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Payroll and allowances and bonuses	2,282	2,260
Provision for bonuses	301	328
Retirement benefit expenses	134	158
Provision for bonuses for directors (and other officers)	104	112
Welfare expenses	452	499
Research and development expenses	266	237
Sales support expenses	205	238

*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, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
266	237

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, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Buildings and structures	8	5
Tools, furniture and fixtures	11	4
Software	0	–
Other intangible assets	0	–
Long-term prepaid expenses	0	–
Total	21	10

*4 Impairment losses

In the fiscal year under review, the Group recorded impairment losses on the following asset groups.

(Millions of yen)

Location	Purpose of Use	Type	Impairment losses
Chuo-ku, Tokyo	Software for service provision	Software	1,104

In principle, the Group treats business assets as a single asset group, and idle assets and assets to be disposed of are grouped on an individual basis.

In the fiscal year under review, following the decision to discontinue the provision of new software for service provision, regarding the software for service provision that has no alternative future use, the Group reduced its carrying amount of non-current assets to its recoverable value. As a result, the reduced amount was recorded as impairment losses (¥1,104 million) under extraordinary losses. While the recoverable value is measured based on value in use, the recoverable value is assessed as zero because no future cash flows are expected.

Not applicable for the previous fiscal year.

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

(Millions of yen)

Previous Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
–	488

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, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Valuation difference on available-for-sale securities		
Amount accrued for the current fiscal year	141	246
Reclassification adjustments	–	76
Income taxes and adjustment before tax effect	141	322
Income taxes and tax effect amount	(43)	(132)
Valuation difference on available-for-sale securities	98	190
Remeasurements of defined benefit plans, net of tax		
Amount accrued for the current fiscal year	(202)	771
Reclassification adjustments	42	32
Income taxes and adjustment before tax effect	(159)	803
Income taxes and tax effect amount	45	(252)
Remeasurements of defined benefit plans, net of tax	(114)	550
Total other comprehensive income	(15)	740

Consolidated statement of changes in equity

Previous 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

(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

Current Fiscal Year
(From April 1, 2025 to March 31, 2026)

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	99	0	13	87
Total	99	0	13	87

(Notes) 1. The increase in the number of treasury shares of common stock of 0 thousand shares was due to the purchase of shares less than one share unit.

2. The decrease in the number of treasury shares of common stock of 13,000 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 25, 2025 Ordinary General Meeting of Shareholders	Common Stocks	624	30.00	March 31, 2025	June 26, 2025
October 28, 2025 The Board of Directors	Common Stocks	520	25.00	September 30, 2025	December 5, 2025

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

The following matters regarding dividends of surplus are scheduled to be resolved at the Ordinary General Meeting of Shareholders to be held on June 23, 2026.

(Resolution)	Types of Shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record Date	Effective Date
June 23, 2026 Ordinary General Meeting of Shareholders	Common Stocks	520	Retained earnings	25.00	March 31, 2026	June 24, 2026

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, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Cash and deposits	8,205	8,487
Time deposits with a deposit period of more than 3 months	(213)	(213)
Cash and cash equivalents	7,991	8,273

Notes on segment information, etc.

Segment information, etc.

The previous fiscal year (April 1, 2024 to March 31, 2025) and the current fiscal year (April 1, 2025 to March 31, 2026)

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, 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

   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, 2025 to March 31, 2026)

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.

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

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

Not applicable.

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

Since the Group's business consists of a single segment, the description is omitted.

Information on amortization of goodwill and undepreciated balances by reporting segment

The previous fiscal year (April 1, 2024 to March 31, 2025) and the current fiscal year (April 1, 2025 to March 31, 2026)

Not applicable.

Information on gain on negative goodwill by reportable segment

The previous fiscal year (April 1, 2024 to March 31, 2025) and the current fiscal year (April 1, 2025 to March 31, 2026)

Not applicable.

Per share information

(Yen)

	Previous Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Net assets per share	1,884.21	1,776.13
Profit (loss) per share	117.13	(88.57)

(Notes) 1. The fully diluted profit per share for the fiscal year under review resulted in a loss per share. In addition, the description is omitted due to an absence of potential shares. Regarding the fully diluted profit per share for the previous fiscal year, the description is omitted due to an absence of potential shares.

2. The basis for calculating profit or loss per share is as follows.

	Previous Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Profit (loss) attributable to owners of parent (millions of yen)	2,436	(1,843)
Amounts not attributable to common shareholders (millions of yen)	–	–
Profit (loss) attributable to owners of parent related to common stocks (millions of yen)	2,436	(1,843)
Average number of common shares outstanding during the period (Thousand shares)	20,802	20,811

Significant events after reporting period

Not applicable.