Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. Should there be any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

July 11, 2025

Consolidated Financial Results for the Fiscal Year Ended May 31, 2025 <Japanese GAAP>

Listed company: INTER ACTION Corporation
Listed stock exchange: Tokyo
Securities code: 7725
URL: https://www.inter-action.co.jp/en/
Representative: Nobuo Kiji, CEO & President
Contact: Tomohiro Kitazawa, Corporate Strategy Team, President's Office
Telephone number: +81-45-263-9220
Scheduled date of annual general meeting of shareholders: August 22, 2025
Scheduled date to commence dividend payments: August 25, 2025
Scheduled date to file annual securities report: August 21, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (For Institutional Investors, Analysts)

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Fiscal Year Ended May 31, 2025 (June 1, 2024 to May 31, 2025)

(1) Consolidated operating results

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
For the fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2025	6,668	(14.0)	1,418	(10.1)	1,386	(15.4)	979	(13.5)
May 31, 2024	7,754	13.1	1,577	8.9	1,637	8.9	1,132	15.4

(Note) Comprehensive income: the fiscal year ended May 31, 2025: ¥935 million / (20.1)%
the fiscal year ended May 31, 2024: ¥1,171 million / 19.6%

	Basic earnings per share	Diluted earnings per share	Profit to shareholders' equity	Ordinary profit to assets	Operating profit to net sales
For the fiscal year ended	Yen	Yen	%	%	%
May 31, 2025	89.45	–	8.6	10.2	21.3
May 31, 2024	104.15	–	10.7	12.5	20.3

(Reference) Equity method investment gain (loss): the fiscal year ended May 31, 2025: ¥– million
the fiscal year ended May 31, 2024: ¥– million

(Note) The "Accounting Standard for Current Income Taxes" and related accounting guidance are applied from the beginning of the consolidated fiscal year under review. The figures for the fiscal year ended May 31, 2024 are after retrospective application of the foregoing.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2025	13,656	11,765	86.2	1,072.25
As of May 31, 2024	13,645	11,036	80.9	1,013.18

(Reference) Shareholders' equity: As of May 31, 2025: ¥11,765 million
As of May 31, 2024: ¥11,036 million

(Note) The "Accounting Standard for Current Income Taxes" and related accounting guidance are applied from the beginning of the consolidated fiscal year under review. The figures for the fiscal year ended May 31, 2024 are after retrospective application of the foregoing.

(3) Consolidated cash flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
For the fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
May 31, 2025	3,561	(293)	(415)	9,070
May 31, 2024	8	(154)	(469)	6,312

2. Dividends

	Annual dividends					Total Amount of Cash Dividends (annual)	Dividend Payout Ratio (consolidated)	Ratio of Total Amount of Dividends to Shareholders' Equity (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
For the fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
May 31, 2024	–	10.00	–	25.00	35.00	387	33.6	3.6
May 31, 2025	–	10.00	–	33.00	43.00	476	48.1	4.1
For the fiscal year ending May 31, 2026 (Forecast)	–	10.00	–	34.00 –35.00	44.00 –45.00		1,128.2 –101.6	

(Notes) 1. DOE of 4% or higher is set as the target for dividend in the fiscal year ending May 31, 2026, and the theoretical value of annual dividend calculated on the basis of information available as of the date of publication of this document is 44-45 yen. However, at this point, it is difficult to calculate annual dividends with high accuracy, and figures may fluctuate due to various factors in the future.

2. The "Accounting Standard for Current Income Taxes" and related accounting guidance are applied from the beginning of the consolidated fiscal year under review. The figures for the fiscal year ended May 31, 2024 are after retrospective application of the foregoing.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending May 31, 2026 (June 1, 2025 to May 31, 2026)

(% figures show year-on-year change)

	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	4,325 –5,515	(35.1) –(17.3)	212 –838	(85.0) –(40.9)	238 –863	(82.8) –(37.7)	42 –485	(95.6) –(50.4)	3.90 –44.28

(Note) 1. The Company has implemented an ESOP and Directors' stock compensation plan both in the form of stock benefit trusts. Accordingly, profit per share is calculated based on the average number of shares during the fiscal year, excluding the number of treasury shares, which includes Inter Action stock held by the stock benefit ESOP trust accounts and Directors' compensation stock benefit trust accounts.

2. The number of treasury shares used to calculate "net income per share" is based on the number of treasury shares at the end of the current consolidated fiscal year.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – companies (Company name)

Excluded: – companies (Company name)

(2) Changes in accounting policies and estimates, and retrospective restatements

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(Note) For details, refer to page 13 of the attached materials, "3. Consolidated Financial Statements and Notes (5) Note regarding the consolidated financial statements (Notes on changes in accounting policies)."

(3) Number of issued shares (common shares)

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

As of May 31, 2025	11,510,200 shares
As of May 31, 2024	11,510,200 shares

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

As of May 31, 2025	537,807 shares
As of May 31, 2024	617,607 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended May 31, 2025	10,947,683 shares
Fiscal year ended May 31, 2024	10,875,748 shares

(Note) The Company has implemented an ESOP and Directors' stock compensation plan, both in the form of stock benefit trusts. Accordingly, treasury shares, as stated, include Inter Action stock held by the stock benefit ESOP trust accounts and Directors' compensation stock benefit trust accounts.

[Reference] Overview of non-consolidated financial results

Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2025 (June 1, 2024 to May 31, 2025)

(1) Non-consolidated financial results (% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit	
For the fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2025	3,890	(21.4)	1,116	(24.2)	1,158	(26.2)	790	(27.3)
May 31, 2024	4,952	13.5	1,473	10.4	1,570	7.0	1,086	8.5

	Profit per share	Profit per share–diluted
For the fiscal year ended	Yen	Yen
May 31, 2025	72.22	—
May 31, 2024	99.95	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2025	12,127	11,517	95.0	1,049.71
As of May 31, 2024	12,134	10,934	90.1	1,003.81

(Reference) Shareholders' equity: As of May 31, 2025: ¥11,517 million

As of May 31, 2024: ¥10,934 million

* The consolidated financial results are not subject to auditing by a certified public accountant or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forecast of consolidated financial results for the fiscal year ending May 31, 2026 is disclosed in a range format. The above forecasts of consolidated financial results are based on certain assumptions on economic situation, market trends, etc. deemed to be reasonable when the forecasts were made. Consequently, actual results may differ from the forecasts due to a variety of future factors. For details of the above forecasts, refer to "(4) Forecasts" under "1. Overview of Operating Results" (page 4) of the Attached Materials.

[Attached Materials]

Index

1. Overview of Operating Results……..……. 2
(1) Overview of operating results for the fiscal year under review ……..…….. 2
(2) Overview of financial position for the fiscal year under review …….. 3
(3) Overview of cash flows for the fiscal year under review ……..… 3
(4) Forecasts ……..…... 4
2. Basic Policy on the Selection of Accounting Standards ……..…….. 5
3. Consolidated Financial Statements and Notes ……..……. 6
(1) Consolidated balance sheets ……..…… 6
(2) Consolidated statements of income and consolidated statements of comprehensive income …..…… 8
(Consolidated statements of income) ……...…… 8
(Consolidated statements of comprehensive income) ……..…… 9
(3) Consolidated statement of changes in shareholders' equity ……..…… 10
(4) Consolidated statement of cash flows ……..…… 12
(5) Note regarding the consolidated financial statements ……...…… 13
(Notes on premise of going concern) ……...…… 13
(Additional information) ……..…… 13
(Notes on changes in accounting policies) ……...…… 13
(Notes on segment information, etc.) ……...…… 14
(Information per share) ……...……. 16
(Significant subsequent events) ……...…… 17
4. Supplementary explanation of consolidated financial results for the fiscal year ended May 31, 2025 … 18
(1) Status of production, orders and sales ……...… 18

1. Overview of Operating Results

(1) Overview of operating results for the fiscal year under review

1) Operating results for the fiscal year under review

Net sales and profits in the Inter Action Group's financial results for the consolidated fiscal year under review fell year on year.

The reason for decreased net sales and profits is weak sales in the Promotion business of Industry 4.0 segment despite strong sales in the Internet of things related works segment.

As a result of these business activities, the Inter Action Group's financial results for the consolidated fiscal year under review were as follows. Net sales fell by 14.0% to 6,668 million yen (compared with 7,754 million yen in the previous fiscal year); gross profit fell by 9.2 % to 3,004 million yen (compared with 3,306 million yen in the previous fiscal year); operating profit fell by 10.1% to 1,418 million yen (compared with 1,577 million yen in the previous fiscal year); ordinary profit fell by 15.4% to 1,386 million yen (compared with 1,637 million yen in the previous fiscal year); and profit attributable to owners of parent excluding income taxes fell 13.5% year on year to 979 million yen (compared with 1,132 million yen in the previous fiscal year).

Consolidated financial results on a quarterly basis are as follows:

(Unit: Millions of yen)

Fiscal year ended May 31, 2025	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Net sales	2,353	1,690	1,259	1,365	6,668
Operating profit	814	367	91	144	1,418
Ordinary profit	779	396	99	110	1,386
Profit attributable to owners of parent	529	295	77	76	979

Moreover, with respect to the Company's non-consolidated financial results, net sales in the Internet of things related works fell by 21.8% to 3,829 million yen (compared with 4,897 million yen in the previous fiscal year). Net sales in the environmental energy related works rose 13.3% to 7 million yen (compared with 6 million yen in the previous fiscal year), and net sales in the promotion business of Industry 4.0 rose by 10.8% to 53 million yen (compared with 48 million yen in the previous fiscal year).

As a result, the Company's non-consolidated financial results for the fiscal year under review were as follows. Net sales fell by 21.4% to 3,890 million yen (compared with 4,952 million yen in the previous fiscal year); operating profit fell by 24.2% to 1,116 million yen (compared with 1,473 million yen in the previous fiscal year); ordinary profit fell by 26.2% to 1,158 million yen (compared with 1,570 million yen in the previous fiscal year); and final profit fell by 27.3% to 790 million yen (compared with 1,086 million yen in the previous fiscal year).

2) Business conditions by segment

(Internet of things related works)

During the consolidated fiscal year under review, net sales to this segment's external customers decreased by 21.8% to 3,829 million yen (compared with 4,897 million yen in the previous fiscal year), and segment profit decreased by 18.9% to 1,946 million yen (compared with 2,401 million yen in the previous fiscal year). This reflects weak sales of inspection illuminators for domestic customers in the second half despite strong first half sales.

(Environmental energy related works)

During the consolidated fiscal year under review, net sales to this segment's external customers decreased by 26.0% to 777 million yen (compared with 1,052 million yen in the previous fiscal year). This is because, compared with the previous fiscal year, sales of main units in the exhaust gas treatment area were weak. On the other hand, segment profit increased by 8.2% to 42 million yen (compared with 39 million yen in the previous fiscal year). The segment recorded a profit of 39 million yen (compared with a loss of 17 million yen in the previous fiscal year). This is because, high-profit maintenance projects in the exhaust gas treatment area enjoyed strong sales.

(Promotion business of Industry 4.0)

During the consolidated fiscal year under review, net sales to this segment's external customers increased by 14.2% to 2,060 million yen (compared with 1,804 million yen in the previous fiscal year), and segment profit increased by 1,459.5% to 265 million yen (compared with 16 million yen in the previous fiscal year). This reflects strong sales of products in the precision vibration isolation systems area in the second half, maintaining the strong trend of the first half. In the gear testing systems area, despite strong sales in the third quarter, for the full year, sales were sluggish due to a delay in sales recognition that was planned for the fourth quarter.

(2) Overview of financial position for the fiscal year under review

As of the end of the consolidated fiscal year under review (May 31, 2025), total assets amounted to 13,656 million yen, up 10 million yen compared with the amount held at the end of the previous consolidated fiscal year on May 31, 2024.

Current assets amounted to 12,155 million yen, a decrease of 152 million yen over the end of the previous consolidated fiscal year. This was primarily because, although cash and deposits increased by 2,755 million yen, there was a decrease of 255 million yen in accounts receivable – trade, a decrease of 2,009 million yen in electronically recorded monetary claims – operating, and a decrease of 662 million yen in work in process.

Non-current assets amounted to 1,500 million yen, an increase of 163 million yen compared with the end of the previous consolidated fiscal year. This is mainly attributable to a 147 million yen increase in property, plant and equipment.

As of the end of the consolidated fiscal year under review (May 31, 2025), liabilities amounted to 1,891 million yen, which is a decrease of 718 million yen compared with the end of the previous consolidated fiscal year. This is mainly attributable to a 204 million yen decrease of notes and accounts payable – trade, a 199 million yen decrease of income taxes payable, and a 177 million yen decrease of accrued consumption taxes (other current liabilities).

As of the end of the consolidated fiscal year under review (May 31, 2025), net assets amounted to 11,765 million yen, which is an increase of 728 million yen compared with the end of the previous consolidated fiscal year. This is mainly attributable to the recording of profit attributable to owners of parent of 979 million yen and a 180 million yen decrease in treasury shares, despite year-end dividends of 276 million yen in the previous fiscal year and interim dividends of 110 million yen in the current fiscal year.

Note that the "Accounting Standard for Current Income Taxes" and related accounting guidance are applied from the beginning of the first quarter of the consolidated fiscal year under review. With respect to the figures related to the end of the previous consolidated fiscal year, comparison and analysis are performed based on the figures after retrospective application

(3) Overview of cash flows for the fiscal year under review

For the consolidated fiscal year under review, cash and cash equivalents amounted to 9,070 million yen, which is an increase of 2,757 million yen compared with the balance at the end of the previous consolidated fiscal year.

The status of each type of cash flow for the consolidated fiscal year under review is as follows.

(Cash flow from operating activities)

Net cash provided by operating activities during the consolidated fiscal year under review amounted to 3,561 million yen (compared with net cash provided by operating activities of 8 million yen in the previous fiscal year). This is mainly a result of having recorded profit before income taxes of 1,385 million yen, a 2,208 million yen decrease in trade receivables, and a 621 million yen decrease inventories, despite a 205 million yen decrease in trade payables and recording of 570 million yen in income taxes paid.

(Cash flow from investing activities)

Net cash used in investing activities during the consolidated fiscal year under review amounted to 293 million yen (compared with net cash used in investing activities of 154 million yen in the previous fiscal year). This is mainly a result of having recorded 248 million yen in purchases of property, plant and equipment.

(Cash flow from financing activities)

Net cash used in financing activities during the consolidated fiscal year under review amounted to 415 million yen (compared with net cash used in financing activities of 469 million yen in the previous fiscal year). This is mainly a result of having recorded 386 million yen in cash dividends paid.

The trend of cash flow indicators is as follows.

	For the fiscal year ended May 31, 2023	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Shareholders' equity ratio (%)	80.3	80.9	86.2
Shareholders' equity ratio at market value (%)	129.8	124.2	101.6
Debt repayment period (years)	2.0	97.4	0.2
Interest coverage ratio (times)	54.1	1.5	464.5

(Notes) 1. Shareholders' equity ratio: Shareholders' equity ÷ Total assets
Shareholders' equity ratio at market value: Market capitalization ÷ Total assets
Debt repayment period: Interest-bearing debt ÷ Cash flow from operating activities
Interest coverage ratio: Cash flow from operating activities ÷ Payment of interest
* Market capitalization is calculated by multiplying the closing price of the Company's shares at fiscal year-end by the number of shares outstanding at end of period.

2. The "Accounting Standard for Current Income Taxes" and related accounting guidance are applied from the beginning of the consolidated fiscal year under review. The figures for the fiscal years ended May 31, 2023 and ended May 31, 2024 are after retrospective application of the foregoing.

(4) Forecasts

1) Overall outlook

Looking at the operating environment in the next consolidated fiscal year (fiscal year ending May 31, 2026), uncertainties in the overall global economic outlook are likely to persist given such factors as the impact of developments in U.S. tariff policy, geopolitical risks in Eastern Europe and the Middle East, prolonged inflation, and exchange rate fluctuations.

Under such circumstances, in the Internet of things related works, the situation has been fluid as regards the timing of capital investment by our main customers, which we expect will have a significant impact on our consolidated financial results forecast. Specifically, according to the capital investment plan announced by a domestic customer, the introduction of advanced processes with high-density technology in image sensors may take place sooner than initially expected, thus suggesting the possibility that the size of capital investment may be increased in the second half of the next consolidated fiscal year. Meanwhile, from discussions with overseas customers, we are seeing indications of an increase in capital investment demand along with an increase in demand for devices such as smartphones and on-board cameras, but we are not able to have a firm view because these customers are taking a cautious stance in their investment decisions.

In light of the foregoing, we are disclosing the forecast of consolidated financial results for the next fiscal year in a range format to reflect the Internet related works segment performance expressed as a range. It should be noted that, even in the case of the upper bound of the range, year-on-year decreases are projected for both net sales and profits.

(Millions of yen)

	For the fiscal year ended May 31, 2025 (Actual)	For the fiscal year ending May 31, 2026 (Forecast)	Year-on-year rate (%)
Net sales	6,668	4,325–5,515	(35.1)–(17.3)
Operating profit	1,418	212–838	(85.0)–(40.9)
Ordinary profit	1,386	238–863	(82.8)–(37.7)
Profit attributable to owners of parent	979	42–485	(95.6)–(50.4)

2) Business outlook by segment

[1] Internet of things related works

For the segment as a whole, net sales are expected to decrease year on year.

In the next consolidated fiscal year, the financial results forecast for the Internet related works segment is likely to be impacted significantly by the fluid situation as regards the timing of capital investment by our main customers. Specifically, according to the capital investment plan announced by a domestic customer, the introduction of advanced processes with high-density technology in image sensors may take place sooner than initially expected, thus suggesting the possibility that the size of capital investment may be increased in the second half of the next consolidated fiscal year. Meanwhile, from discussions with overseas customers, we are seeing indications of an increase in capital investment demand from our customers along with an increase in demand for devices such as smartphones and on-board cameras, but we are not able to have a firm view because these customers are taking a cautious stance in their investment decisions.

In light of the foregoing, we are disclosing the forecast of consolidated financial results for the next fiscal year in a range format.

We forecast net sales in this segment of 2,400–3,590 million yen for the full year.

[2] Environmental energy related works

The Company's Board of Directors resolved at a meeting held on June 11, 2025, a decision was made to transfer all the shares in AIR GASES TECHNOS Inc., which was classified in this segment. The share transfer was consummated on July 2, 2025. As a result, in the consolidated fiscal year ending May 31, 2026, the said company is excluded from our consolidated subsidiaries and the Environmental energy related works segment will be discontinued.

[3] Promotion business of Industry 4.0

For the segment as a whole, a year-on-year decrease in net sales is anticipated reflecting sluggish sales outlook for precision vibration isolation systems, although sales of gear testing systems are expected to remain largely at the same level as the previous year.

In the area of precision vibration isolation systems, we anticipate net sales in the next consolidated fiscal year to remain sluggish. With respect to the vibration monitoring application, a new product, we will continue our efforts in expanding its sales in both domestic and overseas markets.

In the area of gear testing systems, we anticipate net sales in the next consolidated fiscal year to remain largely at the same level as the previous year. We will continue to aim for medium to long-term contribution to sales with products such as roughness testing equipment, a new product, for which we are already receiving customer inquiries.

We forecast net sales in this segment for the full year of 1,918 million yen.

2. Basic Policy on the Selection of Accounting Standards

The Inter Action Group prepares its consolidated financial statements based on Japanese accounting standards, taking into account the notions of consistency of the financial statements between different periods and comparability between the financial statements of different companies.

As for the adoption of international accounting standards (IFRS), the Group will apply the appropriate policy taking into consideration the situation both in Japan and overseas.

3. Consolidated Financial Statements and Notes

(1) Consolidated balance sheets

(Unit: Thousands of yen)

	As of May 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	6,324,492	9,080,481
Notes receivable – trade	30,857	13,779
Accounts receivable – trade	1,107,182	852,017
Electronically recorded monetary claims – operating	2,352,792	343,272
Operational investment securities	41,958	46,103
Merchandise and finished goods	167,729	147,617
Work in process	1,579,954	917,573
Raw materials and supplies	686,873	657,595
Other	85,612	98,235
Allowance for doubtful accounts	(69,519)	(1,136)
Total current assets	12,307,932	12,155,541
Non-current assets		
Property, plant and equipment		
Buildings and structures	717,060	801,081
Accumulated depreciation	(485,571)	(506,533)
Buildings and structures, net	231,488	294,547
Machinery, equipment and vehicles	601,309	678,660
Accumulated depreciation	(504,198)	(532,303)
Machinery, equipment and vehicles, net	97,110	146,356
Land	165,149	165,149
Other	708,782	772,399
Accumulated depreciation	(564,996)	(593,425)
Other, net	143,786	178,973
Total property, plant and equipment	637,535	785,027
Intangible assets		
Goodwill	88,196	56,860
Other	54,620	74,606
Total intangible assets	142,816	131,466
Investments and other assets		
Investment securities	130,489	130,429
Deferred tax assets	261,976	236,496
Other	177,005	227,441
Allowance for doubtful accounts	(11,967)	(9,938)
Total investments and other assets	557,503	584,429
Total non-current assets	1,337,854	1,500,923
Total assets	13,645,787	13,656,465

(Unit: Thousands of yen)

	As of May 31, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable – trade	432,564	228,306
Short-term borrowings	440,000	440,000
Current portion of long-term borrowings	59,936	61,266
Income taxes payable	324,156	124,859
Provision for product warranties	10,709	18,758
Provision for share awards for directors (and other officers)	181,900	154,000
Other	697,040	468,456
Total current liabilities	2,146,306	1,495,647
Non-current liabilities		
Long-term borrowings	306,982	246,916
Provision for share awards	11,761	12,761
Retirement benefit liability	116,699	107,824
Asset retirement obligations	10,150	10,150
Other	17,754	18,060
Total non-current liabilities	463,348	395,712
Total liabilities	2,609,655	1,891,359
Net assets		
Shareholders' equity		
Share capital	1,760,299	1,760,299
Capital surplus	3,352,578	3,352,578
Retained earnings	6,861,637	7,453,355
Treasury shares	(983,327)	(802,712)
Total shareholders' equity	10,991,188	11,763,521
Accumulated other comprehensive income		
Foreign currency translation adjustment	44,944	1,584
Total accumulated other comprehensive income	44,944	1,584
Total net assets	11,036,132	11,765,105
Total liabilities and net assets	13,645,787	13,656,465

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

(Consolidated statements of income)

(Unit: Thousands of yen)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Net sales	7,754,732	6,668,651
Cost of sales	4,447,748	3,664,568
Gross profit	3,306,983	3,004,082
Selling, general and administrative expenses		
Sales commission	79,442	70,927
Remuneration for directors (and other officers)	303,971	297,659
Salaries and allowances	361,944	381,848
Retirement benefit expenses	11,940	8,452
Provision for product warranties	1,708	13,132
Research and development expenses	100,661	59,273
Commission expenses	161,496	164,261
Other	708,306	589,719
Total selling, general and administrative expenses	1,729,472	1,585,274
Operating profit	1,577,511	1,418,807
Non-operating income		
Interest income	20,391	30,562
Dividend income	120	120
Income from assets for rent	18,240	20,040
Foreign exchange gains	57,415	—
Subsidy income	15,726	834
Miscellaneous income	9,146	11,752
Total non-operating income	121,039	63,310
Non-operating expenses		
Interest expenses	5,635	7,480
Expenses of assets for rent	7,490	6,901
Foreign exchange losses	—	72,878
Miscellaneous losses	47,814	8,752
Total non-operating expenses	60,940	96,013
Ordinary profit	1,637,610	1,386,105
Extraordinary income		
Gain on sales of non-current assets	27	—
Total extraordinary income	27	—
Extraordinary losses		
Loss on retirement of non-current assets	578	259
Total extraordinary losses	578	259
Profit before income taxes	1,637,059	1,385,845
Income taxes – current	555,157	381,099
Income taxes – deferred	(50,780)	25,479
Total income taxes	504,376	406,578
Profit	1,132,682	979,266
Profit attributable to owners of parent	1,132,682	979,266

(Consolidated statements of comprehensive income)

(Unit: Thousands of yen)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Profit	1,132,682	979,266
Other comprehensive income		
Foreign currency translation adjustment	38,767	(43,359)
Total other comprehensive income	38,767	(43,359)
Comprehensive income	1,171,449	935,907
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,171,449	935,907
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in shareholders' equity

For the fiscal year ended May 31, 2024 (June 1, 2023 – May 31, 2024)

(Unit: Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,760,299	3,352,855	6,122,593	(1,109,626)	10,126,122
Cumulative effects of changes in accounting policies			(8,114)		(8,114)
Restated balance	1,760,299	3,352,855	6,114,478	(1,109,626)	10,118,008
Changes of items during period					
Dividends of surplus			(385,523)		(385,523)
Profit attributable to owners of parent			1,132,682		1,132,682
Disposal of treasury shares		(277)		113,920	113,643
Purchase of treasury shares				(113,643)	(113,643)
Transfer of treasury shares by trust				126,021	126,021
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(277)	747,158	126,298	873,179
Balance at end of current period	1,760,299	3,352,578	6,861,637	(983,327)	10,991,188

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	6,176	6,176	10,132,299
Cumulative effects of changes in accounting policies			(8,114)
Restated balance	6,176	6,176	10,124,184
Changes of items during period			
Dividends of surplus			(385,523)
Profit attributable to owners of parent			1,132,682
Disposal of treasury shares			113,643
Purchase of treasury shares by trust			(113,643)
Transfer of treasury shares by trust			126,021
Net changes of items other than shareholders' equity	38,767	38,767	38,767
Total changes of items during period	38,767	38,767	911,947
Balance at end of current period	44,944	44,944	11,036,132

For the fiscal year ended May 31, 2025 (June 1, 2024 – May 31, 2025)

(Unit: Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,760,299	3,352,578	6,861,637	(983,327)	10,991,188
Changes of items during period					
Dividends of surplus			(387,548)		(387,548)
Profit attributable to owners of parent			979,266		979,266
Transfer of treasury shares by trust				180,615	180,615
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	591,718	180,615	772,333
Balance at end of current period	1,760,299	3,352,578	7,453,355	(802,712)	11,763,521

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	44,944	44,944	11,036,132
Changes of items during period			
Dividends of surplus			(387,548)
Profit attributable to owners of parent			979,266
Transfer of treasury shares by trust			180,615
Net changes of items other than shareholders' equity	(43,359)	(43,359)	(43,359)
Total changes of items during period	(43,359)	(43,359)	728,973
Balance at end of current period	1,584	1,584	11,765,105

(4) Consolidated statement of cash flows

(Unit: Thousands of yen)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Cash flows from operating activities		
Profit before income taxes	1,637,059	1,385,845
Depreciation	147,104	135,593
Amortization of goodwill	48,842	31,336
Increase (decrease) in allowance for doubtful accounts	39,715	(70,356)
Increase (decrease) in provision for product warranties	(5,294)	8,055
I Increase (decrease) in provision for share awards	2,398	1,000
Increase (decrease) in provision for share awards for directors (and other officers)	14,900	(27,900)
Increase (decrease) in retirement benefit liability	17,621	(8,597)
Interest and dividend income	(20,511)	(30,683)
Interest expenses and guarantees	5,635	7,480
Foreign exchange losses (gains)	(58,877)	62,417
Loss on valuation of inventories	134,315	70,453
Loss on retirement of non-current assets	578	259
Loss (gain) on sales of property, plant and equipment	(27)	—
Decrease (increase) in trade receivables	(1,924,107)	2,208,932
Decrease (increase) in inventories	86,716	621,665
Decrease (increase) in investment securities for sale	(2,808)	(4,145)
Increase (decrease) in notes and accounts payable – trade	(29,384)	(205,231)
Increase/decrease in other assets/liabilities	425,895	(76,911)
Subtotal	519,772	4,109,215
Interest and dividend income received	20,511	30,682
Interest and guarantees paid	(5,712)	(7,668)
Income taxes paid	(526,287)	(570,492)
Net cash provided by (used in) operating activities	8,283	3,561,737
Cash flows from investing activities		
Payments into time deposits	(3,979)	—
Proceeds from withdrawal of time deposits	2,400	1,579
Purchase of property, plant and equipment	(133,720)	(248,852)
Proceeds from sale of property, plant and equipment	27	—
Purchase of intangible assets	(32,371)	(37,846)
Payments of leasehold and guarantee deposits	(17)	(17)
Proceeds from refund of leasehold and guarantee deposits	13,597	18
Other, net	—	(8,430)
Net cash provided by (used in) investing activities	(154,064)	(293,548)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	100,000	—
Repayments of long-term borrowings	(157,036)	(58,736)
Repayments of finance lease liabilities	(8,770)	(6,556)
Purchase of treasury shares	(113,643)	—
Proceeds from sales of treasury shares	137,615	41,041
Dividends paid	(383,505)	(386,532)
Other, net	(44,219)	(4,999)
Net cash provided by (used in) financing activities	(469,558)	(415,784)
Effect of exchange rate change on cash and cash equivalents	75,249	(94,836)
Net increase (decrease) in cash and cash equivalents	(540,090)	2,757,568
Cash and cash equivalents at beginning of period	6,852,995	6,312,905
Cash and cash equivalents at end of period	6,312,905	9,070,473

(5) Note regarding the consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Additional information)

(Stock benefit trust system that delivers company shares to employees through the trust)

1. Overview of transactions

The Company has adopted an incentive plan "Employee Stock Ownership Plan (J-ESOP)" (hereinafter, "the System") for employees that offers them a stake in the Company's shares. We hope this will help to enhance employee motivation and morale, and thereby the Company's stock price and performance, by increasing the correlation between our stock price, business performance, and the treatment of employees, and sharing the economic effects with our shareholders.

The system is a mechanism for distributing the Company's shares to employees that meet certain criteria in accordance with the stock benefit regulations established in advance by the Company. The Company will award employees points according to their personal contribution, etc. and distribute shares equivalent to the points awarded when the entitlement is gained under certain conditions.

2. Shares of the company remaining in trust

Company shares remaining in trust are to be recorded at book value as "treasury shares" (excluding the amount of incidental costs) under net assets. The treasury shares in question had a book value of 13,285 thousand yen (26,500 shares) at the end of the previous fiscal year and 12,282 thousand yen (24,500 shares) at the end of the consolidated fiscal year under review.

(A performance-linked stock compensation system that distributes the company's shares via a trust to the directors)

1. Overview of transactions

We have adopted a "Board Benefit Trust" (hereinafter, "BBT") that awards the Company's shares to directors. The purpose of the BBT is to further clarify the correlation between the remuneration of directors and the Company's performance and stock value. We hope this will not only contribute to boosting the stock price, but also contribute to increasing awareness of the importance of improving earnings and expanding corporate value over the longer term by sharing the risk of stock price downside with shareholders.

In the BBT system, the Company's stock is acquired through a trust using funds contributed by the Company. The BBT is a performance-based stock compensation plan in which the Company's stock is paid annually through a trust based on points granted to directors in accordance with their position and performance based on the director stock benefit regulations established by the Board of Directors.

2. Shares of the company remaining in trust

Company shares remaining in trust are to be recorded at book value as "treasury shares" (excluding the amount of incidental costs) under net assets. The treasury shares in question had a book value of 354,902 thousand yen (153,728 shares) at the end of the previous fiscal year, and 175,290 thousand yen (75,928 shares) at the end of the consolidated fiscal year under review.

(Notes on changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022) and related accounting guidance from the beginning of the fiscal year under review.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the fiscal year under review. The change in accounting policies was applied retrospectively to the consolidated financial statements for the previous fiscal year. As a result, because the cumulative effect was reflected in net assets as of the beginning of the previous fiscal year, retained earnings as of the beginning of the previous fiscal year decreased by 8,114 thousand yen. The change had no impact on profit before income taxes in the quarter of the previous fiscal year.

Note that in the per share information, net assets per share in the previous consolidated fiscal year decreased by 0.74 yen.

(Notes on segment information, etc.)

1. Overview of reportable segments

The Inter Action Group has three reportable segments consisting of the "Internet of things related works," "environmental energy related works," and "promotion business of Industry 4.0." Accordingly, the three segments constitute those units of the company and its consolidated subsidiaries for which discrete financial information is available and for which the Board of Directors regularly conducts review for the purpose of making decisions about allocating management resources and assessing financial results.

The Internet of things related works segment mainly develops, manufactures and sells products such as inspection illuminators used in manufacturing processes for imaging semiconductors (CCD and C-MOS image sensors) at the Company; the environmental energy related works segment mainly develops, manufactures and sells Air Gases Technos Co., Ltd.'s drying deodorizers for web offset printing presses, exhaust gas treatment systems and other such products; and the promotion business of the Industry 4.0 segment mainly develops, manufactures and sells products such as precision vibration isolation systems, particularly of Meiritz Seiki Co., Ltd. and its subsidiaries, and also plans, designs, manufactures, and sells gear testing machines of Tokyo Technical Instruments Inc. and its subsidiaries.

2. Methods for calculating the monetary amount of sales, income (loss), assets, liabilities and other items of each reportable segment

The accounting treatment method used for the reported business segment is generally the same as that used in the preparation of the consolidated financial statements, except for valuation of inventories. The Company measures inventory assets at values prior to recording their book values on the basis of decreased profitability.

Income in the reportable segments is based on operating profit. Intra-segment internal income and transfer amounts are based on actual market prices.

3. Information on the monetary amount of sales, income (loss), assets, and other items of each reportable segment

For the fiscal year ended May 31, 2024 (June 1, 2023 – May 31, 2024)

(Unit: Thousands of yen)

	Internet of things related works	Environmental energy-related business	Promotion business of Industry 4.0	Total	Adjustments *1	Amount recorded in the Consolidated Financial Statements
Net sales						
Sales to external customers	4,897,752	1,052,023	1,804,956	7,754,732	—	7,754,732
Intra-segment internal sales and transfer amount	—	—	518	518	(518)	—
Total	4,897,752	1,052,023	1,805,474	7,755,250	(518)	7,754,732
Segment profit (loss)*2	2,401,496	39,424	16,998	2,457,919	(880,407)	1,577,511
Segment assets	10,665,595	722,195	2,158,622	13,546,413	99,373	13,645,787
Other items						
Depreciation	76,805	1,639	54,527	132,972	14,131	147,104
Increases in property, plant and equipment, and intangible assets	57,608	—	107,298	164,907	1,184	166,091

(Notes) 1. The adjustments consist of the following.

(1) The adjusted amount of intra-segment internal sales and transfer amount includes negative 518,000 yen in intra-segment elimination.

(2) The adjusted amount of segment profit includes negative 746,146,000 yen in Company-wide expenses (mainly expenses incurred by head office administrative operations), negative 134,315,000 yen in inventory adjustments, and 54,000 yen in intra-segment elimination.

(3) The adjusted amount of segment assets includes Company-wide assets of 99,373,000 yen. The Company-wide assets consist mainly of assets associated with the Company's administrative operations.

(4) The adjusted amounts with respect to depreciation, or otherwise increases in property, plant and equipment, and intangible assets are attributable to assets of head office administrative operations.

2. Segment profit (loss) is adjusted to operating profit in the consolidated financial statements.

3. The “Accounting Standard for Current Income Taxes” and related accounting guidance are applied from the beginning of the consolidated fiscal year under review. The figures for the fiscal year ended May 31, 2024 are after retrospective application of the foregoing.

For the fiscal year ended May 31, 2025 (June 1, 2024 – May 31, 2025)

(Unit: Thousands of yen)

	Internet of things related works	Environmental energy-related business	Promotion business of Industry 4.0	Total	Adjustments *1	Amount recorded in the Consolidated Financial Statements
Net sales						
Sales to external customers	3,829,961	777,989	2,060,700	6,668,651	—	6,668,651
Intra-segment internal sales and transfer amount	—	—	—	—	—	—
Total	3,829,961	777,989	2,060,700	6,668,651	—	6,668,651
Segment profit*2	1,946,647	42,657	265,087	2,254,392	(835,584)	1,418,807
Segment assets	10,693,518	696,351	2,174,231	13,564,101	92,363	13,656,465
Other items						
Depreciation	67,041	1,339	47,974	116,355	19,237	135,593
Increases in property, plant and equipment, and intangible assets	219,121	—	60,201	279,322	7,375	286,698

(Notes) 1. The adjustments consist of the following.

(1) The adjusted amount of segment profit includes negative 764,876,000 yen in Company-wide expenses (mainly expenses incurred by head office administrative operations), negative 70,708,000 yen in inventory adjustments, and 0 thousand yen in intra-segment elimination.

(2) The adjusted amount of segment assets includes Company-wide assets of 92,363,000 yen. The Company-wide assets consist mainly of assets associated with the Company’s administrative operations.

(3) The adjusted amounts with respect to depreciation, or otherwise increases in property, plant and equipment, and intangible assets are attributable to assets of head office administrative operations.

2. Segment prof is adjusted to operating profit in the consolidated financial statements.

(Information per share)

	Previous consolidated fiscal year (June 1, 2023 to May 31, 2024)	Current consolidated fiscal year (June 1, 2024 to May 31, 2025)
Net assets per share	1,013.18 yen	1,072.25 yen
Basic earnings per share	104.15 yen	89.45 yen

(Notes) 1. Diluted earnings per share is not stated because there are no potential shares.

2. The basis for calculating profit per share and profit per share–diluted is as follows.

	Previous consolidated fiscal year (June 1, 2023 to May 31, 2024)	Current consolidated fiscal year (June 1, 2024 to May 31, 2025)
Profit attributable to owners of parent (thousands of yen)	1,132,682	979,266
Amount not attributable to common shareholders (thousands of yen)	—	—
Profit attributable to owners of parent and available to common shareholders (thousands of yen)	1,132,682	979,266
Average number of shares of common stock during the fiscal year (shares)	10,875,748	10,947,683

3. The calculation of net assets per share includes Inter Action stock held by stock benefit ESOP trust accounts and Directors' compensation stock benefit trust accounts, in addition to treasury shares excluding the total number of shares issued and outstanding as of the end of the fiscal year. The trust accounts held amounted to 180,228 Company shares as of the end of the previous consolidated fiscal year (May 31, 2024), and 100,428 shares as of the end of the consolidated fiscal year under review (May 31, 2025). The average number of shares of common stock during the fiscal year includes Inter Action stock held by stock benefit ESOP trust accounts and Directors' compensation stock benefit trust accounts, in addition to the treasury shares excluded from the calculation. The average number of shares of Inter Action stock held by the trust accounts amounted to 184,459 Company shares during the previous consolidated fiscal year, and 125,138 shares during the consolidated fiscal year under review.

(Significant subsequent events)

(Transfer of subsidiary shares)

The Company's Board of Directors resolved at a meeting held on June 11, 2025, to transfer all shares of its consolidated subsidiary AIR GASES TECHNOS Inc. to Chikuho Trading Inc. The share transfer was consummated on July 2, 2025.

As a result, AIR GASES TECHNOS is to be excluded from the Company's consolidated subsidiaries.

1. Reason for share transfer

Since the acquisition of AIR GASES TECHNOS in 2014, we have been working on Environmental energy related works through the company.

We have decided to transfer all shares of AIR GASES TECHNOS after reviewing our business portfolio in comprehensive consideration of the future business environment and our strategic direction.

2. Transfer of subsidiary shares

(1) Name of the counterparty of the share transfer

Chikuho Trading Inc.

(2) Date of share transfer

July 2, 2025

(3) Outline of the subsidiary to be transferred

Corporate Name: AIR GASES TECHNOS Inc

Business: Manufacture and sales of hot-air drying and deodorizing equipment for printers, manufacture and sales of various types of exhaust gas treatment equipment, etc.

Reportable segments: Environmental energy related works

Capital: 50 million yen

(4) Number of shares to be transferred, and number of shares held and ownership ratio before and after the transfer

(1)	Number of shares owned by the Company before the change	200 shares (Number of voting rights: 200) (Percentage of voting rights: 100%)
(2)	Number of shares to be transferred	200 shares (Number of voting rights: 200)
(3)	Number of shares owned by the Company after the transfer	0 share (Number of voting rights: 0) (Percentage of voting rights: 0%)

(5) Transfer value and impact on consolidated financial statements

Transfer cost: 210 million yen

Capital gain/loss: The impact on the results of the next consolidated fiscal year is currently under review.

(Acquisition of own shares)

The Board of Directors of the Company, at its meeting held on July 11, 2025, passed a resolution with respect to the acquisition of own shares, as follows.

1. Reason for the acquisition of own shares

To improve shareholder returns and capital efficiency, and implement an agile capital policy

2. Details of matters related to the acquisition

(1) Class of shares to be acquired: Common shares of the Company

(2) Total number of shares to be acquired: 1,200,000 shares (upper limit)

(Ratio to total number of shares issued and outstanding (excluding treasury shares): 10.84%)

(3) Total acquisition cost: 1,000 million yen (upper limit)

(4) Period of acquisition: July 14, 2025 – December 30, 2025

(5) Method of acquisition: Open market purchase through the Tokyo Stock Exchange based on a discretionary trading contract

4. Supplementary explanation of consolidated financial results for the fiscal year ended May 31, 2025

(1) Status of orders

In the consolidated fiscal year under review, the amount of orders received and the order backlog decreased significantly year on year, largely in the Internet related works segment. We believe this to be a result of a lull in capital investment demand in the consolidated fiscal year under review, reflecting, among other factors, the large-scale capital investment made by domestic customers during the previous consolidated fiscal year.

Looking ahead, the outlook for order inflow is likely to be impacted significantly by the fluid situation as regards the timing of capital investment by our main customers in the Internet of things related works. Specifically, according to the capital investment plan announced by a domestic customer, introduction of advanced processes with high-density technology in image sensors may take place sooner than initially expected, thus suggesting the possibility that the size of capital investment may be increased in the second half of the next consolidated fiscal year. Meanwhile, from discussions with overseas customers, we are seeing indications of an increase in capital investment demand along with increase in demand for devices such as smartphones and on-board cameras, but we are not able to have a firm view because these customers are taking a cautious stance in their investment decisions.

With respect to medium to long-term order trends, we presume that the increase in order inflow will continue for expanding production capacity and improving operation rate in conjunction with the development of large format image sensors and their expanded applications, and other moves.

Orders received

Segment	Previous consolidated fiscal year (June 1, 2023 to May 31, 2024)		Current consolidated fiscal year (June 1, 2024 to May 31, 2025)		Change	
	Amount of orders received (Thousands of Yen)	Backlog of orders (Thousands of Yen)	Amount of orders received (Thousands of Yen)	Backlog of orders (Thousands of Yen)	Amount of orders received (Thousands of Yen)	Backlog of orders (Thousands of Yen)
Internet of things-related business	5,541,220	2,288,999	2,478,640	980,615	(3,062,580)	(1,308,383)
Environmental energy-related business	746,621	527,393	548,848	276,041	(197,772)	(251,351)
Promotion business of Industry 4.0	1,555,641	262,054	1,666,718	241,801	111,076	(20,252)
Total	7,843,484	3,078,447	4,694,208	1,498,459	(3,149,276)	(1,579,988)

(Note) The above amounts do not include the results of the operations that engage in make-to-stock production.