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July 13, 2026

Consolidated Financial Results for the Fiscal Year Ended May 31, 2026 (Under Japanese GAAP)

Company name: INTER ACTION Corporation
Listing: Tokyo Stock Exchange
Securities code: 7725
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Scheduled date of annual general meeting of shareholders: August 26, 2026
Scheduled date to commence dividend payments: August 27, 2026
Scheduled date to file annual securities report: August 27, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors, analysts)

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

1. Consolidated financial results for the fiscal year ended May 31, 2026 (from June 1, 2025 to May 31, 2026)

(1) Consolidated operating results

(Percentages indicate 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	%
May 31, 2026	4,822	(27.7)	702	(50.5)	835	(39.7)	530	(45.8)
May 31, 2025	6,668	(14.0)	1,418	(10.1)	1,386	(15.4)	979	(13.5)

Note: Comprehensive income
For the fiscal year ended May 31, 2026: ¥595 million [(36.4)%]
For the fiscal year ended May 31, 2025: ¥935 million [(20.1)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2026	51.64	–	4.7	6.5	14.6
May 31, 2025	89.45	–	8.6	10.2	21.3

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended May 31, 2026: ¥– million
For the fiscal year ended May 31, 2025: ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2026	12,061	10,792	89.5	1,063.74
May 31, 2025	13,656	11,765	86.2	1,072.25

(Reference) Equity
As of May 31, 2026: ¥10,792 million
As of May 31, 2025: ¥11,765 million

(3) Consolidated cash flows

	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
May 31, 2026	1,339	(325)	(1,709)	8,519
May 31, 2025	3,561	(293)	(415)	9,070

2. Dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
May 31, 2025	–	10.00	–	33.00	43.00	476	48.1	4.1
May 31, 2026	–	10.00	–	34.00	44.00	454	85.2	4.1
Fiscal year ending May 31, 2027 (Forecast)	–	10.00	–	45.00	55.00		53.2	

Note: The year-end dividend forecast of 45.00 yen for the fiscal year ending May 31, 2027 includes a special dividend of 10.00 yen.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending May 31, 2027 (June 1, 2026 to May 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	7,212	49.6	1,599	127.7	1,620	94.0	1,049	97.8	103.41

Notes: 1. The Company has implemented an ESOP and Directors' stock compensation plan both in the form of stock benefit trusts. Accordingly, basic earnings 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 in calculating basic earnings per share is based on the number of treasury shares outstanding as of the end of the consolidated fiscal year under review.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: – companies (Company name)
Excluded: 1 company (Company name: AIR GASES TECHNOS Co., Ltd.)

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatements: None

(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, 2026	11,510,200 shares
As of May 31, 2025	11,510,200 shares

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

As of May 31, 2026	1,364,807 shares
As of May 31, 2025	537,807 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended May 31, 2026	10,270,326 shares
Fiscal year ended May 31, 2025	10,947,683 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, 2026 (from June 1, 2025 to May 31, 2026)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2026	3,002	(22.8)	520	(53.4)	732	(36.7)	492	(37.7)
May 31, 2025	3,890	(21.4)	1,116	(24.2)	1,158	(26.2)	790	(27.3)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
May 31, 2026	47.94	–
May 31, 2025	72.22	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2026	10,931	10,441	95.5	1,029.22
As of May 31, 2025	12,127	11,517	95.0	1,049.71

Reference: Equity
As of May 31, 2026: ¥10,441 million
As of May 31, 2025: ¥11,517 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

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]

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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 operating profit in the Inter Action Group's financial results for the consolidated fiscal year under review fell year on year. This is mainly due to weak sales of the products 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 27.7% to 4,822 million yen (compared with 6,668 million yen in the previous fiscal year); gross profit fell by 19.2 % to 2,426 million yen (compared with 3,004 million yen in the previous fiscal year); operating profit fell by 50.5% to 702 million yen (compared with 1,418 million yen in the previous fiscal year); ordinary profit fell by 39.7% to 835 million yen (compared with 1,386 million yen in the previous fiscal year); and profit attributable to owners of parent excluding income taxes fell 45.8% year on year to 530 million yen (compared with 979 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, 2026	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Net sales	1,048	1,082	1,570	1,120	4,822
Operating profit	99	148	410	43	702
Ordinary profit	136	243	417	38	835
Profit attributable to owners of parent	47	177	270	35	530

Moreover, with respect to the Company's non-consolidated financial results, net sales in the Internet of things related works fell by 22.9% to 2,952 million yen (compared with 3,829 million yen in the previous fiscal year). Net sales in the promotion business of Industry 4.0 fell 23.8% to 40 million yen (compared with 53 million yen in the previous fiscal year), and net sales in other businesses rose by 35.8% to 9 million yen (compared with 7 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 22.8% to 3,002 million yen (compared with 3,890 million yen in the previous fiscal year); operating profit fell by 53.4% to 520 million yen (compared with 1,116 million yen in the previous fiscal year); ordinary profit fell by 36.7% to 732 million yen (compared with 1,158 million yen in the previous fiscal year); and final profit fell by 37.7% to 492 million yen (compared with 790 million yen in the previous fiscal year).

2) Business conditions by segment

Due to the transfer of all the shares in AIR GASES TECHNOS Co. Ltd., formerly a consolidated subsidiary, effective July 2, 2025, the said company is excluded from the scope of consolidation from the first three months of the consolidated fiscal year under review. As a result, the significance of the reportable segment "environmental energy-related business," of which the said company's operations constituted a major component, has declined. Accordingly, from the first three months of the consolidated fiscal year under review, the business is no longer identified as reportable segment but is presented under "Others." In the description of "Others" stated below, year-on-year comparison is adjusted for the reclassification.

(Internet of things related works)

For the segment as a whole, both net sales and segment profit decreased year on year due to a significant decline in sales of products for domestic customers compared with the previous year, although products for overseas customers enjoyed robust sales.

Regarding net sales of products for domestic customers, the third quarter trend continued with net sales decreasing significantly year on year, due mainly to moderation in a major domestic customer's capital investment demand. In the medium to long term, however, we anticipate capital investment demand to recover in light of the initiatives that are currently being considered as part of customer capital investment plans, such as the introduction of advanced processes driven by the shift toward larger and higher-density image sensors, and the establishment of a production line for image sensors used in physical AI applications, including automotive and robotics, at a customer's new manufacturing facility.

Regarding sales of products for overseas customers, net sales increased year on year due largely to strong sales of inspection illuminators and pupil lens modules to overseas customers, following the trend in the third quarter. We ascribe this to capital investment demand arising presumably from customers' efforts to develop new clients engaged in manufacturing of products equipped with image sensors.

During the consolidated fiscal year under review, net sales to this segment's external customers decreased by 22.9% to 2,952 million yen (compared with 3,829 million yen in the previous fiscal year), and segment profit decreased by 30.9% to 1,345 million yen (compared with 1,946 million yen in the previous fiscal year).

(Promotion business of Industry 4.0)

During the consolidated fiscal year under review, net sales to this segment's external customers decreased by 9.7% to 1,860 million yen (compared with 2,060 million yen in the previous fiscal year). Segment profit decreased by 61.3% to 102 million yen (compared with 265 million yen in the previous fiscal year). This is mainly due to weak sales of the products in both the precision vibration isolation systems and gear testing systems areas.

(Others)

During the consolidated fiscal year under review, net sales to this segment's external customers decreased by 98.8% to 9 million yen (compared with 777 million yen in the previous fiscal year), and segment profit decreased by 79.5% to 8 million yen (compared with 42 million yen in the previous fiscal year). This is due to the exclusion of AIR GASES TECHNOS Co. Ltd., formerly a consolidated subsidiary, from the scope of consolidation from the first three months of the consolidated fiscal year under review. In the previous fiscal year, the said company recorded net sales of 770 million yen and a segment profit of 36 million yen.

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

As of the end of the consolidated fiscal year under review (May 31, 2026), total assets amounted to 12,061 million yen, down 1,595 million yen compared with the amount held at the end of the previous consolidated fiscal year on May 31, 2025 (of which 649 million yen was attributable to the exclusion of a consolidated subsidiary from consolidation).

Current assets amounted to 10,523 million yen, a decrease of 1,632 million yen over the end of the previous consolidated fiscal year (of which 605 million yen was attributable to the exclusion of a consolidated subsidiary from consolidation). This is mainly attributable to decreases respectively of 551 million yen in cash and deposits (of which 304 million yen was attributable to the exclusion of a consolidated subsidiary from consolidation), 508 million yen in accounts receivable – trade (of which 148 million yen respectively was attributable to the exclusion of a consolidated subsidiary from consolidation), 305 million yen in electronically recorded monetary claims – operating, and 295 million yen in work in progress (of which 86 million yen respectively was attributable to the exclusion of a consolidated subsidiary from consolidation).

Non-current assets amounted to 1,538 million yen, an increase of 37 million yen (of which 44 million yen respectively was attributable to the exclusion of a consolidated subsidiary from consolidation) compared with the end of the previous consolidated fiscal year.

As of the end of the consolidated fiscal year under review (May 31, 2026), liabilities amounted to 1,269 million yen, which is a decrease of 622 million yen compared with the end of the previous consolidated fiscal year (of which 363 million yen was attributable to the exclusion of a consolidated subsidiary from consolidation). This is mainly attributable to decreases respectively of 130 million yen in advances in "Other" current liabilities (of which 9 million yen was attributable to the exclusion of a consolidated subsidiary from consolidation) and 193 million yen in borrowings including the current portion due within one year (of which 140 million yen was attributable to the exclusion of a consolidated subsidiary from consolidation).

As of the end of the consolidated fiscal year under review (May 31, 2026), net assets amounted to 10,792 million yen, which is a decrease of 973 million yen compared with the end of the previous consolidated fiscal year. This is mainly attributable to year-end dividends of 365 million yen in the previous fiscal year, interim dividends of 103 million yen in the fiscal year under review, and a 1,099 million yen increase in treasury shares despite recording a profit of 530 million yen attributable to owners of parent.

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

For the consolidated fiscal year under review, cash and cash equivalents amounted to 8,519 million yen, which is a decrease of 551 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 1,339 million yen (compared with net cash provided by operating activities of 3,561 million yen in the previous fiscal year). This is mainly a result of having recorded profit before income taxes of 753 million yen and a 567 million yen decrease in trade receivables, despite recording of 285 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 325 million yen (compared with net cash used in investing activities of 293 million yen in the previous fiscal year). This is mainly a result of having recorded 187 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 1,709 million yen (compared with net cash used in financing activities of 415 million yen in the previous fiscal year). This is mainly a result of having recorded 1,192 million yen in purchase of treasury shares and 467 million yen in cash dividends paid.

The trend of cash flow indicators is as follows.

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025	For the fiscal year ended May 31, 2026
Shareholders’ equity ratio (%)	80.9	86.2	89.5
Shareholders’ equity ratio at market value (%)	124.2	101.6	205.6
Debt repayment period (years)	97.4	0.2	0.4
Interest coverage ratio (times)	1.5	464.5	176.2

(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 previous consolidated fiscal year. The figures for the fiscal year 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 (the fiscal year ending May 31, 2027), uncertainties in the overall global economic outlook are likely to persist given such factors as the impact of developments in U.S. trade policy, geopolitical risks in Eastern Europe and the Middle East, changes in energy and raw material prices, and exchange rate fluctuations.

Under such circumstances, significant increases in both net sales and profits are projected, supported by strong sales of products to major overseas customers in the Internet of things related works segment.

Meanwhile, we expect research and development expenses and other costs to increase as we continue to develop a broad lineup of equipment in the Internet of things related works segment for new customer acquisition, and to develop new semiconductor-related measurement products in the Promotion business of Industry 4.0 segment. As a result, selling, general and administrative expenses are expected to increase compared with the consolidated fiscal year under review.

(Millions of yen)

	For the fiscal year ended May 31, 2026 (Actual)	For the fiscal year ending May 31, 2027 (Forecast)	Year-on-year rate (%)
Net sales	4,822	7,212	49.6
Operating profit	702	1,599	127.7
Ordinary profit	835	1,620	94.0
Profit attributable to owners of parent	530	1,049	97.8

2) Business outlook by segment

[1] Internet of things related works

For the segment as a whole, both net sales and profit are expected to see a significant increase year on year.

Capital investment demand from major domestic customers is projected to remain subdued. In the medium to long term, however, we anticipate capital investment demand to recover in light of the initiatives that are currently being considered as part of customer capital investment plans, such as the introduction of advanced processes driven by the shift toward larger and higher-density image sensors, and the establishment of a production line for image sensors used in physical AI applications, including automotive and robotics, at a customer’s new manufacturing facility.

With respect to major overseas customers, we expect robust demand for capital investment to continue, as we believe that they have a substantial backlog of orders and are working to acquire new customers engaged in the manufacturing of products equipped with image sensors.

We forecast net sales in this segment of 5,100 million yen for the full year.

[2] Promotion business of Industry 4.0

For the segment as a whole, both net sales and segment profit are expected to increase year on year, given the outlook for strong sales of precision vibration isolation systems and gear testing systems.

In the area of precision vibration isolation systems, we anticipate net sales in the next consolidated fiscal year to be robust. Customers’ investment appetite is also expected to remain strong, supported by favorable market conditions in the semiconductor industry.

In the area of gear testing systems, we anticipate net sales in the next consolidated fiscal year to be strong. With ongoing inquiries for our new roughness testing equipment, we will continue our efforts to have it contribute to sales over the medium to long term.

We forecast net sales in this segment for the full year of 2,102 million yen.

(5) Basic policy on profit distribution and dividends for the fiscal year under review and the next fiscal year

The Company considers enhancing corporate value and providing stable shareholder returns through dividends to be the key means of returning profits to its shareholders. The Company’s basic policy is to pay stable dividends commensurate with its financial position, using a consolidated dividend on equity (DOE) ratio of 4.0% or higher as a guideline, while taking into account the future business environment and its long-term business development, and giving due consideration to the enhancement of internal reserves.

The Company plans to pay a year-end dividend of 34 yen per share for the fiscal year ended May 31, 2026. Together with the interim dividend of 10 yen per share already paid, the annual dividend will amount to 44 yen per share.

For the fiscal year ending May 31, 2027, in addition to the stable dividend based on the above policy, the Company plans to pay a special dividend of 10 yen per share based on a comprehensive assessment of the current order situation, the earnings outlook for the next fiscal year, the Company’s financial position, and the level of shareholder returns, with a view to returning a portion of the benefits of its growth to shareholders. As a result, the annual dividend is expected to total 55 yen per share, consisting of an interim dividend of 10 yen per share and a year-end dividend of 45 yen per share, including a special dividend of 10 yen per share.

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, 2025	As of May 31, 2026
Assets		
Current assets		
Cash and deposits	9,080,481	8,529,377
Notes receivable – trade	13,779	74
Accounts receivable – trade	852,017	343,272
Electronically recorded monetary claims – operating	343,272	37,854
Operational investment securities	46,103	52,805
Merchandise and finished goods	147,617	117,913
Work in process	917,573	621,679
Raw materials and supplies	657,595	566,564
Other	98,235	254,211
Allowance for doubtful accounts	(1,136)	(689)
Total current assets	12,155,541	10,523,063
Non-current assets		
Property, plant and equipment		
Buildings and structures	801,081	756,611
Accumulated depreciation	(506,533)	(484,832)
Buildings and structures, net	294,547	271,778
Machinery, equipment and vehicles	678,660	779,444
Accumulated depreciation	(532,303)	(578,626)
Machinery, equipment and vehicles, net	146,356	200,817
Land	165,149	165,149
Other	772,399	812,070
Accumulated depreciation	(593,425)	(657,934)
Other, net	178,973	154,135
Total property, plant and equipment	785,027	791,880
Intangible assets		
Goodwill	56,860	29,025
Other	74,606	127,167
Total intangible assets	131,466	156,192
Investments and other assets		
Investment securities	130,429	130,464
Deferred tax assets	236,496	254,807
Other	227,441	216,304
Allowance for doubtful accounts	(9,938)	(11,460)
Total investments and other assets	584,429	590,116
Total non-current assets	1,500,923	1,538,189
Total assets	13,656,465	12,061,253

(Unit: Thousands of yen)

	As of May 31, 2025	As of May 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable – trade	228,306	151,329
Short-term borrowings	440,000	390,000
Current portion of long-term borrowings	61,266	57,648
Income taxes payable	124,859	96,608
Provision for product warranties	18,758	14,582
Provision for share awards for directors (and other officers)	154,000	92,800
Other	468,456	274,346
Total current liabilities	1,495,647	1,077,314
Non-current liabilities		
Long-term borrowings	246,916	107,208
Provision for share awards	12,761	34,067
Retirement benefit liability	107,824	47,861
Asset retirement obligations	10,150	–
Other	18,060	2,767
Total non-current liabilities	395,712	191,904
Total liabilities	1,891,359	1,269,219
Net assets		
Shareholders’ equity		
Share capital	1,760,299	1,760,299
Capital surplus	3,352,578	3,352,578
Retained earnings	7,453,355	7,514,910
Treasury shares	(802,712)	(1,902,341)
Total shareholders’ equity	11,763,521	10,725,447
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,584	66,586
Total accumulated other comprehensive income	1,584	66,586
Total net assets	11,765,105	10,792,034
Total liabilities and net assets	13,656,465	12,061,253

(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, 2025	For the fiscal year ended May 31, 2026
Net sales	6,668,651	4,822,080
Cost of sales	3,664,568	2,395,750
Gross profit	3,004,082	2,426,330
Selling, general and administrative expenses		
Sales commission	70,927	120,391
Remuneration for directors (and other officers)	297,659	145,778
Salaries and allowances	381,848	412,844
Retirement benefit expenses	8,452	12,539
Provision for product warranties	13,132	3,199
Research and development expenses	59,273	191,420
Commission expenses	164,261	185,812
Other	589,719	651,762
Total selling, general and administrative expenses	1,585,274	1,723,748
Operating profit	1,418,807	702,581
Non-operating income		
Interest income	30,562	39,981
Dividend income	120	120
Income from assets for rent	20,040	3,340
Foreign exchange gains	–	105,425
Subsidy income	834	–
Miscellaneous income	11,752	7,980
Total non-operating income	63,310	156,847
Non-operating expenses		
Interest expenses	7,480	7,464
Expenses of assets for rent	6,901	4,767
Foreign exchange losses	72,878	–
Commission expenses	4,999	4,999
Miscellaneous losses	3,752	6,918
Total non-operating expenses	96,013	24,151
Ordinary profit	1,386,105	835,278
Extraordinary losses		
Loss on retirement of non-current assets	259	1,143
Loss on sale of non-current assets	–	908
Loss on sale of shares of subsidiaries	–	79,734
Total extraordinary losses	259	81,786
Profit before income taxes	1,385,845	753,491
Income taxes – current	381,099	268,267
Income taxes – deferred	25,479	(45,089)
Total income taxes	406,578	223,177
Profit	979,266	530,313
Profit attributable to owners of parent	979,266	530,313

(Consolidated statements of comprehensive income)

(Unit: Thousands of yen)

	For the fiscal year ended May 31, 2025	For the fiscal year ended May 31, 2026
Profit	979,266	530,313
Other comprehensive income		
Foreign currency translation adjustment	(43,359)	65,002
Total other comprehensive income	(43,359)	65,002
Comprehensive income	935,907	595,316
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	935,907	595,316
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated statements of changes in shareholders' equity

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

For the fiscal year ended May 31, 2026 (June 1, 2025 – May 31, 2026)

(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	7,453,355	(802,712)	11,763,521
Changes of items during period					
Dividends of surplus			(468,758)		(468,758)
Profit attributable to owners of parent			530,313		530,313
Purchase of treasury shares				(999,973)	(999,973)
Purchase of treasury shares by trust				(192,036)	(192,036)
Transfer of treasury shares by trust				92,381	92,381
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	61,555	(1,099,629)	(1,038,073)
Balance at end of current period	1,760,299	3,352,578	7,514,910	(1,902,341)	10,725,447

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,584	1,584	11,765,105
Changes of items during period			
Dividends of surplus			(468,758)
Profit attributable to owners of parent			530,313
Purchase of treasury shares			(999,973)
Purchase of treasury shares by trust			(192,036)
Transfer of treasury shares by trust			92,381
Net changes of items other than shareholders' equity	65,002	65,002	65,002
Total changes of items during period	65,002	65,002	(973,071)
Balance at end of current period	66,586	66,586	10,792,034

(4) Consolidated statement of cash flows

(Unit: Thousands of yen)

	For the fiscal year ended May 31, 2025	For the fiscal year ended May 31, 2026
Cash flows from operating activities		
Profit before income taxes	1,385,845	753,491
Depreciation	135,593	195,102
Amortization of goodwill	31,336	27,835
Increase (decrease) in allowance for doubtful accounts	(70,356)	1,409
Increase (decrease) in provision for product warranties	8,055	(1,937)
I Increase (decrease) in provision for share awards	1,000	21,305
Increase (decrease) in provision for share awards for directors (and other officers)	(27,900)	(61,200)
Increase (decrease) in retirement benefit liability	(8,597)	(149)
Interest and dividend income	(30,683)	(40,102)
Interest expenses and guarantees	7,480	7,464
Foreign exchange losses (gains)	62,417	(113,062)
Loss on valuation of inventories	70,453	63,557
Loss on retirement of non-current assets	259	1,143
Loss (gain) on sale of non-current assets	–	908
Loss (gain) on sale of shares of subsidiaries	–	79,734
Decrease (increase) in trade receivables	2,208,932	567,228
Decrease (increase) in inventories	621,665	195,795
Decrease (increase) in investment securities for sale	(4,145)	(6,701)
Increase (decrease) in notes and accounts payable – trade	(205,231)	(2,521)
Increase/decrease in other assets/liabilities	(76,911)	(96,302)
Subtotal	4,109,215	1,593,000
Interest and dividend income received	30,682	40,091
Interest and guarantees paid	(7,668)	(7,600)
Income taxes paid	(570,492)	(285,888)
Net cash provided by (used in) operating activities	3,561,737	1,339,603
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,579	—
Purchase of property, plant and equipment	(248,852)	(187,045)
Proceeds from sale of property, plant and equipment	—	5,805
Purchase of intangible assets	(37,846)	(48,857)
Payments of leasehold and guarantee deposits	(17)	—
Proceeds from refund of leasehold and guarantee deposits	18	1,185
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(96,527)
Other, net	(8,430)	—
Net cash provided by (used in) investing activities	(293,548)	(325,440)
Cash flows from financing activities		
Repayments of long-term borrowings	(58,736)	(52,986)
Repayments of finance lease liabilities	(6,556)	(10,620)
Purchase of treasury shares	—	(1,192,010)
Proceeds from sales of treasury shares	41,041	18,641
Dividends paid	(386,532)	(467,127)
Other, net	(4,999)	(4,999)
Net cash provided by (used in) financing activities	(415,784)	(1,709,103)
Effect of exchange rate change on cash and cash equivalents	(94,836)	143,825
Net increase (decrease) in cash and cash equivalents	2,757,568	(551,114)
Cash and cash equivalents at beginning of period	6,312,905	9,070,473
Cash and cash equivalents at end of period	9,070,473	8,519,358

(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 12,282 thousand yen (24,500 shares) at the end of the previous fiscal year and 102,599 thousand yen (90,200 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 175,290 thousand yen (75,928 shares) at the end of the previous fiscal year, and 184,629 thousand yen (99,928 shares) at the end of the consolidated fiscal year under review.

(Notes on segment information, etc.)

1. Overview of reportable segments

The Inter Action Group’s reportable segments are components of the Company and its consolidated subsidiaries for which discrete financial information is available and which are subject to regular review by the Board of Directors for the purpose of making decisions on the allocation of management resources and assessing financial results. The “Internet of things related works,” the “Environmental energy related works,” and the “Promotion business of Industry 4.0” comprised the Group’s three reportable segments.

During the consolidated fiscal year under review, the Company sold all of its shares in AIR GASES TECHNOS Co. Ltd., which had been a consolidated subsidiary, and therefore excluded it from the scope of consolidation. As a result, the “Environmental energy related works” reportable segment, which primarily comprised the business of AIR GASES TECHNOS Co. Ltd., has become immaterial and has therefore been excluded from the reportable segments and is presented under “Other.” Accordingly, from the consolidated fiscal year under review, the Group’s reportable segments comprise the “Internet of things related works” and the “Promotion business of Industry 4.0.”

Segment information for the previous consolidated fiscal year has been prepared based on the reportable segment classification for the consolidated fiscal year under review.

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; 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 of reportable business segments is largely the same as that stated in "Significant matters providing the basis for the preparation of the consolidated financial statements," with the exception of the basis 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, 2025 (June 1, 2024 – May 31, 2025)

(Unit: Thousands of yen)

	Reportable segment			Other*1	Total	Adjustments*2	Amount recorded in the consolidated financial statements
	Internet of things related works	Promotion business of Industry 4.0	Total				
Net sales							
Sales to external customers	3,829,961	2,060,700	5,890,661	777,989	6,668,651	–	6,668,651
Intra-segment internal sales and transfer amount	–	–	–	–	–	–	–
Total	3,829,961	2,060,700	5,890,661	777,989	6,668,651	–	6,668,651
Segment profit*3	1,946,647	265,087	2,211,735	42,657	2,254,392	(835,584)	1,418,807
Segment assets	10,693,518	2,174,231	12,867,749	696,351	13,564,101	92,363	13,656,465
Other items							
Depreciation	67,041	47,974	115,015	1,339	116,355	19,237	135,593
Increases in property, plant and equipment, and intangible assets	219,121	60,201	279,322	–	279,322	7,375	286,698

(Notes) 1. The "Others" category represents the "environmental energy-related works" business segment which is outside the scope of reportable segments.

2. The adjustments consist of the following.

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

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

For the fiscal year ended May 31, 2026 (June 1, 2025 – May 31, 2026)

(Unit: Thousands of yen)

	Reportable segment			Other*1	Total	Adjustments*2	Amount recorded in the consolidated financial statements
	Internet of things related works	Promotion business of Industry 4.0	Total				
Net sales							
Sales to external customers	2,952,187	1,860,191	4,812,379	9,701	4,822,080	–	4,822,080
Intra-segment internal sales and transfer amount	–	–	–	–	–	–	–
Total	2,952,187	1,860,191	4,812,379	9,701	4,822,080	–	4,822,080
Segment profit*3	1,345,381	102,546	1,447,927	8,732	1,456,660	(754,079)	702,581
Segment assets	9,767,616	2,154,078	11,921,694	53,303	11,974,997	86,255	12,061,253
Other items							
Depreciation	121,983	49,212	171,196	—	171,196	23,906	195,102
Increases in property, plant and equipment, and intangible assets	186,563	49,201	235,765	—	235,765	137	235,902

Notes: 1. The “Others” category represents the “environmental energy-related works” business segment which is outside the scope of reportable segments.

2. The adjustments consist of the following.

(1) The adjusted amount of segment profit includes negative 690,521 thousand yen in Company-wide expenses (mainly expenses incurred by head office administrative operations) and negative 63,557 thousand yen in inventory adjustments.

(2) The adjusted amount of segment assets includes Company-wide assets of 86,255 thousand 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.

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

(Notes on information per share)

	Previous consolidated fiscal year (June 1, 2024 to May 31, 2025)	Current consolidated fiscal year (June 1, 2025 to May 31, 2026)
Net assets per share	1,072.25 yen	1,063.74 yen
Basic earnings per share	89.45 yen	51.64 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, 2024 to May 31, 2025)	Current consolidated fiscal year (June 1, 2025 to May 31, 2026)
Profit attributable to owners of parent (thousands of yen)	979,266	530,313
Amount not attributable to common shareholders (thousands of yen)	—	—
Profit attributable to owners of parent and available to common shareholders (thousands of yen)	979,266	530,313
Average number of shares of common stock during the fiscal year (shares)	10,947,683	10,270,326

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 100,428 Company shares as of the end of the previous consolidated fiscal year (May 31, 2025), and 190,128 shares as of the end of the consolidated fiscal year under review (May 31, 2026). 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 125,138 Company shares during the previous consolidated fiscal year, and 182,878 shares during the consolidated fiscal year under review.

(Notes on significant subsequent events)

No items to report.

4. Supplementary explanation of consolidated financial results for the fiscal year ended May 31, 2026

(1) Status of orders

In the consolidated fiscal year under review, the amount of orders received and the order backlog increased significantly year on year, largely in the Internet related works segment. We believe this to be a result of capital investment demand reflecting new customer development for image sensor-equipped product manufacturers led by major overseas customers. We anticipate that these major overseas customers will continue to have robust demand for capital investment.

Orders received

Segment	Previous consolidated fiscal year (June 1, 2024 to May 31, 2025)		Current consolidated fiscal year (June 1, 2025 to May 31, 2026)		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	2,478,640	980,615	4,566,488	2,645,581	2,087,847	1,664,965
Promotion business of Industry 4.0	1,666,718	241,801	1,369,153	382,560	(297,564)	140,759
Other (Environmental energy-related business)*2	548,848	276,041	–	–	(548,848)	(276,041)
Total	4,694,208	1,498,459	5,935,642	3,028,142	1,241,434	1,529,683

Notes: 1. The above amounts do not include results of the operations which engage in make-to-stock production.

2. Due to the transfer of all the shares in AIR GASES TECHNOS Co. Ltd., formerly a consolidated subsidiary, effective July 2, 2025, the said company is excluded from the scope of consolidation from the first three months of the consolidated fiscal year under review. As a result, since there is no longer business engaged in made-to-order production, the relevant items are marked with a dash (“–”).