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April 11, 2025

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending May 31, 2025 <Japanese GAAP>

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 Preparation of explanatory materials for financial results: Yes
 Holding of a briefing on financial results: Yes (For Institutional Investors, Analysts)

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Cumulative Third Quarter of the Fiscal Year Ending May 31, 2025 (June 1, 2024 to February 28, 2025)

(1) Consolidated operating results (Cumulative) (% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended February 28, 2025	5,303	8.7	1,273	71.0	1,275	56.0	902	64.2
Nine months ended February 29, 2024	4,880	(4.2)	745	(38.1)	817	(34.7)	549	(32.3)

(Note) Comprehensive income: Nine months ended February 28, 2025: ¥878 million / 52.1%

Nine months ended February 29, 2024: ¥577 million / (29.4)%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended February 28, 2025	82.48	—
Nine months ended February 29, 2024	50.54	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2025	13,574	11,706	86.2
As of May 31, 2024	13,645	11,036	80.9

(Reference) Shareholders' equity: As of February 28, 2025: ¥11,706 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 first quarter 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. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2024	—	10.00	—	25.00	35.00
Fiscal year ending May 31, 2025	—	10.00	—		
Fiscal year ending May 31, 2025 (Forecast)				25.00	35.00

(Note) 1. Amendment to forecasts of dividends recently announced: None

2. In line with the change in shareholder return policy, the Company has set a DOE (Dividend on Equity Ratio) target of 4.0% or higher. Hence, based on the information available as of the date of the publication of this material, the theoretical value of the annual dividend for the fiscal year ending May 31, 2025, would be 43 yen. However, given that figures could fluctuate depending on a variety of factors, making it difficult to calculate the annual dividend with a high degree of accuracy, the forecast announced on January 10, 2025, remains unchanged at this time.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending May 31, 2025

(June 1, 2024 to May 31, 2025)

(% figures show year-on-year change for the full year and quarter)

	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	6,696	(13.6)	1,306	(17.2)	1,319	(19.5)	906	(19.9)	82.84

(Note) 1. Amendment to forecasts of financial results recently announced: None

2. 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.

*** Notes**

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

New: – (Company name:) Excluded: – (Company name:)

(2) Application of special accounting for preparing quarterly consolidated financial statements: None

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

(i) Changes in accounting policies in accordance with revision of accounting standards: Yes

(ii) Changes in accounting policies other than item (i) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(Note) For details, refer to page 8 of the attached materials, “2. Quarterly Consolidated Financial Statements and Notes (3) Note regarding the quarterly consolidated financial statements (Notes on changes in accounting policies).”

(4) Number of shares issued (common shares)

(i) Number of shares outstanding at end of period (including treasury shares)

As of February 28, 2025	11,510,200 shares
As of May 31, 2024	11,510,200 shares

(ii) Number of treasury shares at end of period

As of February 28, 2025	538,807 shares
As of May 31, 2024	617,607 shares

(iii) Average number of shares during period

For the nine months ended February 28, 2025	10,939,443 shares
For the nine months ended February 29, 2024	10,870,145 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.

* Review of the attached quarterly financial results conducted by certified public accountants or an audit firm:
None

* 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 “(3) Explanation of forward-looking information including consolidated earnings forecasts” under “1. Financial Results” (page 3) of the Attached Materials.

[Attached Materials]

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1. Financial Results

(1) Explanation of quarterly operating results

Net sales and operating profit in the Inter Action Group's financial results for the first nine months of the consolidated fiscal year under review rose year on year. This is due to strong sales of the products in the Internet of things related works and promotion business of Industry 4.0 segments.

As a result of these business activities, the Inter Action Group's financial results for the first nine months of the consolidated fiscal year under review were as follows. Net sales rose by 8.7% to 5,303 million yen (compared with 4,880 million yen in the previous fiscal year); gross profit rose by 27.2% to 2,464 million yen (compared with 1,938 million yen in the previous fiscal year), largely due to the increase in net sales; operating profit rose by 71.0% to 1,273 million yen (compared with 745 million yen in the previous fiscal year); ordinary profit rose by 56.0% to 1,275 million yen (compared with 817 million yen in the previous fiscal year); and profit attributable to owners of parent excluding income taxes rose by 64.2% to 902 million yen (compared with 549 million yen of profit attributable to owners of parent in the previous fiscal year).

The overall performance of each business segment was as follows.

(Internet of things related works)

During the first nine months of the consolidated fiscal year under review, net sales to this segment's external customers rose by 14.8% year on year to 3,175 million yen (compared with 2,767 million yen in the previous fiscal year), and segment profit rose by 39.9% to 1,657 million yen (compared with 1,184 million yen in the previous fiscal year). This reflects strong sales mainly of inspection illuminators for domestic customers.

(Environmental energy related works)

During the first nine months of the consolidated fiscal year under review, net sales to this segment's external customers fell by 29.8% to 570 million yen (compared with 813 million yen in the previous fiscal year), and segment profit fell by 55.7% year on year to 20 million yen (compared with 46 million yen in the previous fiscal year). This is attributable to sluggish sales of main units and maintenance projects in the exhaust gas treatment system area despite strong sales of main units and maintenance projects in the drying deodorizer area.

(Promotion business of Industry 4.0)

During the first nine months of the consolidated fiscal year under review, net sales to this segment's external customers rose by 19.8% to 1,557 million yen (compared with 1,299 million yen in the previous fiscal year), and the segment profit rose by 3,049.0% year on year to 209 million yen (compared with 6 million yen in the previous fiscal year). This reflects strong sales of products in the precision vibration isolation systems and gear testing systems areas.

(2) Explanation of quarterly financial position

As of the end of the third quarter of the consolidated fiscal year under review, net assets amounted to 13,574 million yen, a decrease of 71 million yen compared with the end of the previous consolidated fiscal year.

Current assets amounted to 12,115 million yen, a decrease of 192 million yen compared with the end of the previous consolidated fiscal year. This is mainly attributable to decreases of 354 million yen in notes and accounts receivable – trade, 2,191 million yen in electronically recorded monetary claims – operating, and 497 million yen in work in progress, although there was an increase of 2,805 million yen of cash and deposits.

Non-current assets amounted to 1,458 million yen, an increase of 120 million yen compared with the end of the previous consolidated fiscal year.

As of the end of the third quarter of the consolidated fiscal year under review, liabilities amounted to 1,867 million yen, a decrease of 742 million yen compared with the end of the previous consolidated fiscal year. This is mainly attributable to decreases respectively of 104 million yen in notes and accounts payable – trade, 261 million yen in income taxes payable, 160 million yen in advances received (other current liabilities), and 142 million yen in accrued consumption taxes (other current liabilities).

As of the end of the third quarter of the consolidated fiscal year under review, total assets amounted to 11,706 million yen, an increase of 670 million yen compared with the amount held at the end of the previous consolidated fiscal year. This is mainly attributable to recording of profit attributable to owners of parent of 902 million yen

and a 180 million yen decrease in treasury shares, despite a year-end dividend of 276 million yen in the previous fiscal year and an interim dividend of 110 million yen in the fiscal year under review.

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) Explanation of forward-looking information including consolidated earnings forecasts

There is no amendment to consolidated earnings forecasts disclosed on January 10, 2025.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly consolidated balance sheets

(Unit: Thousands of yen)

	As of May 31, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	6,324,492	9,129,898
Notes and accounts receivable–trade	1,138,039	783,875
Electronically recorded monetary claims – operating	2,352,792	161,040
Operational investment securities	41,958	46,103
Merchandise and finished goods	167,729	134,598
Work in process	1,579,954	1,082,773
Raw materials and supplies	686,873	689,590
Other	85,612	88,484
Allowance for doubtful accounts	(69,519)	(1,167)
Total current assets	12,307,932	12,115,197
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	231,488	299,352
Land	165,149	165,149
Other, net	240,897	313,216
Total property, plant and equipment	637,535	777,718
Intangible assets		
Goodwill	88,196	63,818
Other	54,620	68,361
Total intangible assets	142,816	132,179
Investments and other assets		
Investment securities	130,489	130,456
Other	438,981	429,238
Allowance for doubtful accounts	(11,967)	(10,753)
Total investments and other assets	557,503	548,940
Total non-current assets	1,337,854	1,458,839
Total assets	13,645,787	13,574,036

(Unit: Thousands of yen)

	As of May 31, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Notes and accounts payable–trade	432,564	328,498
Short-term borrowings	440,000	440,000
Current portion of long-term borrowings	59,936	57,936
Income taxes payable	324,156	62,849
Provision for bonuses	—	44,410
Provision for product warranties	10,709	16,557
Provision for share awards for directors (and other officers)	181,900	141,700
Other	697,040	364,408
Total current liabilities	2,146,306	1,456,361
Non-current liabilities		
Long-term borrowings	306,982	263,530
Provision for share awards	11,761	12,044
Retirement benefit liability	116,699	105,057
Asset retirement obligations	10,150	10,150
Other	17,754	20,029
Total non-current liabilities	463,348	410,812
Total liabilities	2,609,655	1,867,173
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	7,376,393
Treasury shares	(983,327)	(803,214)
Total shareholders' equity	10,991,188	11,686,057
Accumulated other comprehensive income		
Foreign currency translation adjustment	44,944	20,805
Total accumulated other comprehensive income	44,944	20,805
Total net assets	11,036,132	11,706,863
Total liabilities and net assets	13,645,787	13,574,036

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
(June 1, 2024 – February 28, 2025)

(Unit: Thousands of yen)

	Nine months ended February 29, 2024	Nine months ended February 28, 2025
Net sales	4,880,761	5,303,586
Cost of sales	2,942,706	2,839,338
Gross profit	1,938,055	2,464,247
Selling, general and administrative expenses	1,192,971	1,190,322
Operating profit	745,083	1,273,925
Non-operating income		
Interest income	20,354	30,532
Dividend income	120	120
Income from assets for rent	13,230	15,030
Foreign exchange gains	32,308	—
Other	20,982	6,511
Total non-operating income	86,995	52,195
Non-operating expenses		
Interest expenses	4,123	5,375
Expenses of assets for rent	6,049	5,348
Foreign exchange losses	—	33,323
Other	4,545	6,847
Total non-operating expenses	14,719	50,894
Ordinary profit	817,359	1,275,225
Extraordinary income		
Gain on sale of non-current assets	27	—
Total extraordinary income	27	—
Extraordinary loss		
Loss on retirement of non-current assets	538	259
Total extraordinary loss	538	259
Profit before income taxes	816,848	1,274,966
Income taxes – current	219,219	320,883
Income taxes – deferred	48,234	51,777
Total income taxes	267,453	372,661
Profit	549,394	902,304
Profit attributable to owners of parent	549,394	902,304

(Quarterly consolidated statements of comprehensive income)
(June 1, 2024 – February 28, 2025)

(Unit: Thousands of yen)

	Nine months ended February 29, 2024	Nine months ended February 28, 2025
Profit	549,394	902,304
Other comprehensive income		
Foreign currency translation adjustment	27,802	(24,138)
Total other comprehensive income	27,802	(24,138)
Comprehensive income	577,197	878,166
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	577,197	878,166
Comprehensive income attributable to non-controlling interests	—	—

(3) Note regarding the quarterly consolidated financial statements

(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 first quarter 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 first quarter under review. The change in accounting policies was applied retrospectively to the consolidated financial statements for the quarter of the previous fiscal year and the entire 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.

(Notes on segment information)

(Segment information)

1. For the first nine months of the fiscal year ended May 31, 2024 (June 1, 2023 to February 29, 2024)

1. Information on net sales and the amount of profits (losses) by reportable segment

(Unit: Thousands of yen)

	Internet of things related works	Environmental energy related works	Promotion business of Industry 4.0	Total
Net sales				
Sales to external customers	2,767,089	813,821	1,299,850	4,880,761
Intra-segment internal sales and transfer amount	—	—	518	518
Total	2,767,089	813,821	1,300,368	4,881,279
Segment profit	1,184,250	46,539	6,660	1,237,450

2. Difference between total amount of profit or loss of reportable segments and the corresponding amount reported in the quarterly consolidated statements of income, and the key components of such difference (reconciliation)

(Unit: Thousands of yen)

Income	Amount
Total of reportable segments	1,237,450
Company-wide expenses ^(Note)	(474,690)
Inter-segment eliminations	48
Adjustment of inventories	(17,724)
Operating profit in the quarterly consolidated statements of income	745,083

(Note) Company-wide expenses mainly consist of expenses incurred by the Company's head office administrative operations that are not attributable to the reportable segments.

3. Information on impairment loss for non-current assets or goodwill of each reportable segment

No items to report.

II. For the first nine months of the fiscal year ending May 31, 2025 (June 1, 2024 to February 28, 2025)

1. Information on net sales and the amount of profits (losses) by reportable segment

(Unit: Thousands of yen)

	Internet of things related works	Environmental energy related works	Promotion business of Industry 4.0	Total
Net sales				
Sales to external customers	3,175,500	570,920	1,557,165	5,303,586
Intra-segment internal sales and transfer amount	—	—	—	—
Total	3,175,500	570,920	1,557,165	5,303,586
Segment profit	1,657,350	20,635	209,732	1,887,718

2. Difference between total amount of profit or loss of reportable segments and the corresponding amount reported in the quarterly consolidated statements of income, and the key components of such difference (reconciliation)

(Unit: Thousands of yen)

Income	Amount
Total of reportable segments	1,887,718
Company-wide expenses ^(Note)	(582,180)
Inter-segment eliminations	0
Adjustment of inventories	(31,614)
Operating profit in the quarterly consolidated statements of income	1,273,925

(Note) Company-wide expenses mainly consist of expenses incurred by the Company's head office administrative operations that are not attributable to the reportable segments.

3. Information on impairment loss for non-current assets or goodwill of each reportable segment

No items to report.

(Notes on significant changes in the amount of shareholders' equity)

The main changes during the first nine months of the consolidated fiscal year under review were sale of 34,700 shares (80,109 thousand yen) of the Company's stock for payment of cash benefits to eligible beneficiaries in connection with the Board Benefit Trust, and grant of 43,100 shares (99,502 thousand yen) of the Company's stock to eligible beneficiaries.

As a result of the foregoing, treasury shares decreased by 180,113 thousand yen to 803,214 thousand yen as of the end of the first nine months of the consolidated fiscal year under review.

(Notes on premise of going concern)

No items to report.

(Notes to the quarterly consolidated statement of cash flows)

A statement of cash flows has not been prepared in relation to the first nine months of the consolidated fiscal year under review. Amounts of depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill associated with the first nine months of the consolidated fiscal year are as follows.

(Thousands of yen)

	Nine months ended February 29, 2024	Nine months ended February 28, 2025
Depreciation	107,177	96,858
Amortization of goodwill	36,632	24,377

(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 12,784 thousand yen (25,500 shares) at the end of the third quarter 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 third quarter of the consolidated fiscal year under review.

(Revenue recognition-related information)

Disaggregated information on revenue from contracts with customers

I. For the first nine months of the fiscal year ended May 31, 2024 (June 1, 2023 to February 29, 2024)

(Unit: Thousands of yen)

	Internet of things related works	Environmental energy related works	Promotion business of Industry 4.0	Total
Goods transferred at a point in time	2,767,089	807,512	1,299,850	4,874,452
Goods transferred over time	—	—	—	—
Revenue from contracts with customers	2,767,089	807,512	1,299,850	4,874,452
Other revenue ^(Note)	—	6,308	—	6,308
Sales to external customers	2,767,089	813,821	1,299,850	4,880,761

(Note) Other revenue is that recognized in “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan (ASBJ) Statement No. 10).

II. For the first nine months of the fiscal year ending May 31, 2025 (June 1, 2024 to February 28, 2025)

(Unit: Thousands of yen)

	Internet of things related works	Environmental energy related works	Promotion business of Industry 4.0	Total
Goods transferred at a point in time	3,175,500	563,774	1,556,174	5,295,449
Goods transferred over time	—	—	991	991
Revenue from contracts with customers	3,175,500	563,774	1,557,165	5,296,440
Other revenue ^(Note)	—	7,145	—	7,145
Sales to external customers	3,175,500	570,920	1,557,165	5,303,586

(Note) Other revenue is that recognized in “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan (ASBJ) Statement No. 10).

3. Supplementary Explanation of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending May 31, 2025

(1) Status of orders

In the first nine months of the consolidated fiscal year under review, the amount of orders received and the order backlog decreased significantly year on year, primarily in the Internet of things related works segment. We view this to be a repercussion of robust capital investment mainly among domestic customers in the same period of the previous fiscal year, and a result also of a lull in customers' capital investment demand that continued in the third quarter under review due notably to large-scale capital investment made by domestic customers during the previous consolidated fiscal year.

Looking ahead at the trend in customers' capital investment demand, we presume that, although capital investment demand is currently showing temporary weakness, there will continue to be moves to increase production capacity and operation rate in the medium to long term along with the developments in large format image sensors and their expanded application.

1) Orders received

Segment	First nine months of the previous consolidated fiscal year (June 1, 2023 to February 29, 2024)		First nine months of the current consolidated fiscal year (June 1, 2024 to February 28, 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 works	4,523,060	3,402,353	1,933,487	1,130,782	(2,589,573)	(2,271,571)
Environmental energy related works	519,090	495,841	399,339	353,283	(119,750)	(142,557)
Promotion business of Industry 4.0	1,286,753	433,089	1,301,850	297,883	15,096	(135,206)
Total	6,328,903	4,331,284	3,634,676	1,781,949	(2,694,226)	(2,549,335)

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