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October 12, 2023

## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending May 31, 2024 <Japanese GAAP>

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 Listed stock exchange: Tokyo  
 Securities code: 7725  
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 Submission of quarterly report: October 13, 2023  
 Dividend payment commencement date: –  
 Preparation of explanatory materials for quarterly financial results: Yes  
 Holding of a briefing on quarterly financial results: Yes (For Institutional Investors, Analysts)

(Amounts of less than one million yen are truncated)

### 1. Consolidated Financial Results for the Cumulative First Quarter of the Fiscal Year Ending May 31, 2024 (June 1, 2023 to August 31, 2023)

#### (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	%
Three months ended August 31, 2023	1,740	(8.8)	211	(55.7)	239	(53.8)	150	(57.2)
Three months ended August 31, 2022	1,907	10.9	476	10.8	519	19.6	351	22.6

(Note) Comprehensive income: Three months ended August 31, 2023: ¥168 million / (52.9)%  
 Three months ended August 31, 2022: ¥358 million / 27.4%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2023	13.90	—
Three months ended August 31, 2022	32.38	—

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2023	12,225	10,026	82.0
As of May 31, 2023	12,610	10,132	80.4

(Reference) Shareholders' equity: As of August 31, 2023: ¥10,026 million  
 As of May 31, 2023: ¥10,132 million

## 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, 2023	–	0.00	–	25.00	25.00
Fiscal year ending May 31, 2024	–				
Fiscal year ending May 31, 2024 (Forecast)		10.00	–	25.00	35.00

(Note) Amendment to forecasts of dividends recently announced: Yes

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending May 31, 2024 (June 1, 2023 to May 31, 2024)

(% 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	7,058	2.9	1,037	(28.4)	1,025	(31.8)	655	(33.2)	60.49

(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) Change in significant subsidiaries during three months ended August 31, 2023 (changes in specified subsidiaries affecting the scope of consolidation): 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: None

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

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Number of shares issued (common shares)

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

As of August 31, 2023	11,510,200 shares
As of May 31, 2023	11,510,200 shares

(ii) Number of treasury shares at end of period

As of August 31, 2023	672,507 shares
As of May 31, 2023	672,507 shares

(iii) Average number of shares during period

For the three months ended August 31, 2023	10,837,693 shares
For the three months ended August 31, 2022	10,863,037 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.

\* Quarterly 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 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. Qualitative Information on Quarterly Results” (page 3) of the Attached Materials.

## [Attached Materials]

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## 1. Qualitative Information on Quarterly Results

### (1) Explanation of consolidated operating results

Net sales in the Inter Action Group's financial results for the first three months of the consolidated fiscal year under review fell year on year. This is mainly due to sluggish sales in the Internet of things related works segment.

Operating profit also fell year on year. This is mainly due to weak sales of high-profit products in the Internet of things related works segment.

Note that we expect net sales in the consolidated fiscal year under review to be weighted toward the second half, and in the first three months, therefore, net sales have generally progressed as budgeted.

As a result of these business activities, the Inter Action Group's financial results for the first three months of the consolidated fiscal year under review were as follows. Net sales fell by 8.8% to 1,740 million yen (compared with 1,907 million yen in the previous fiscal year); gross profit fell by 34.0% to 631 million yen (compared with 956 million yen in the previous fiscal year), largely due to the decrease in net sales; operating profit fell by 55.7% to 211 million yen (compared with 476 million yen in the previous fiscal year); ordinary profit fell by 53.8% to 239 million yen (compared with 519 million yen in the previous fiscal year); and profit attributable to owners of parent excluding income taxes fell by 57.2% to 150 million yen (compared with 351 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 three months of the consolidated fiscal year under review, net sales to this segment's external customers fell by 18.1% year on year to 977 million yen (compared with 1,193 million yen in the previous fiscal year), and segment profit decreased by 46.2% to 356 million yen (compared with 663 million yen in the previous fiscal year). This reflects sluggish sales of the highly profitable inspection illuminators for overseas customers, in contrast with strong sales of inspection illuminators and pupil lens modules for domestic customers.

#### (Environmental energy related works)

During the first three months of the consolidated fiscal year under review, net sales to this segment's external customers rose by 21.0% to 288 million yen (compared with 238 million yen in the previous fiscal year), and segment profit was 16 million yen (0 million yen in the previous fiscal year). This is attributable to robust sales of high-value main units in the drying deodorizer area and robust sales also of high-profit maintenance projects in the exhaust gas treatment system area.

#### (Promotion business of Industry 4.0)

During the first three months of the consolidated fiscal year under review, net sales to this segment's external customers decreased by 0.3% to 474 million yen (compared with 476 million yen in the previous fiscal year), and the segment recorded a profit of 5 million yen (an 88.5% decrease compared with 46 million yen in the previous fiscal year). This decrease, despite robust sales of precision vibration isolation systems, reflects sluggish sales of gear testing systems whose profitability is high in comparison with that of precision vibration isolation systems.

### (2) Explanation of financial position

As of the end of the first quarter of the consolidated fiscal year under review, net assets amounted to 12,225 million yen, a decrease of 384 million yen compared with the end of the previous consolidated fiscal year.

Current assets amounted to 10,938 million yen, a decrease of 358 million yen compared with the end of the previous consolidated fiscal year. This is mainly attributable to decreases respectively of 250 million yen in cash and deposits, 178 million yen in notes and accounts receivable – trade, and 223 million yen in work in progress, although there was an increase of 362 million yen in electronically recorded monetary claims – operating.

Non-current assets amounted to 1,287 million yen, a decrease of 26 million yen compared with the end of the previous consolidated fiscal year.

As of the end of the first quarter of the consolidated fiscal year under review, liabilities amounted to 2,199 million yen, a decrease of 278 million yen compared with the end of the previous consolidated fiscal year. This is mainly attributable to a decrease of 235 million yen in income taxes payable.

As of the end of the first quarter of the consolidated fiscal year under review, total assets amounted to 10,026 million yen, a decrease of 105 million yen compared with the amount held at the end of the previous consolidated fiscal year. This is mainly attributable to year-end dividends of 274 million yen in the previous fiscal year despite recording of profit attributable to owners of parent of 150 million yen.

(3) Explanation of forward-looking information including consolidated earnings forecasts

There is no amendment to consolidated earnings forecasts disclosed on July 12, 2023.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly consolidated balance sheets

(Unit: Thousands of yen)

	As of May 31, 2023	As of August 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	6,863,003	6,612,649
Notes and accounts receivable–trade	848,689	670,048
Electronically recorded monetary claims–operating	730,787	1,093,759
Operational investment securities	39,149	38,980
Merchandise and finished goods	137,205	99,159
Work in process	1,791,333	1,568,270
Raw materials and supplies	712,967	710,977
Other	201,988	178,195
Allowance for doubtful accounts	(28,702)	(33,922)
Total current assets	11,296,423	10,938,118
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	244,800	242,254
Land	165,149	165,149
Other, net	231,607	253,319
Total property, plant and equipment	641,556	660,723
Intangible assets		
Goodwill	137,039	124,828
Other	32,032	34,033
Total intangible assets	169,072	158,862
Investments and other assets		
Investment securities	130,430	130,474
Other	385,694	349,523
Allowance for doubtful accounts	(13,018)	(11,973)
Total investments and other assets	503,106	468,024
Total non-current assets	1,313,735	1,287,610
Total assets	12,610,159	12,225,728

(Unit: Thousands of yen)

	As of May 31, 2023	As of August 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	454,887	432,742
Short-term borrowings	340,000	440,000
Current portion of long-term borrowings	63,936	59,106
Income taxes payable	306,275	70,912
Provision for bonuses	—	38,495
Provision for product warranties	15,979	16,610
Provision for share awards for directors (and other officers)	167,000	193,000
Other	532,116	451,651
Total current liabilities	1,880,193	1,702,517
Non-current liabilities		
Long-term borrowings	460,018	350,934
Provision for share awards	9,362	9,885
Retirement benefit liability	98,827	103,387
Asset retirement obligations	10,150	10,150
Other	19,308	22,387
Total non-current liabilities	597,666	496,743
Total liabilities	2,477,859	2,199,261
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,760,299	1,760,299
Capital surplus	3,352,855	3,352,578
Retained earnings	6,122,593	5,998,390
Treasury shares	(1,109,626)	(1,109,349)
Total shareholders' equity	10,126,122	10,001,919
Accumulated other comprehensive income		
Foreign currency translation adjustment	6,176	24,547
Total accumulated other comprehensive income	6,176	24,547
Total net assets	10,132,299	10,026,466
<b>Total liabilities and net assets</b>	<b>12,610,159</b>	<b>12,225,728</b>



(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
(Quarterly consolidated statements of income)  
(June 1, 2023 – August 31, 2023)

(Unit: Thousands of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
Net sales	1,907,892	1,740,014
Cost of sales	950,939	1,108,777
Gross profit	956,952	631,236
Selling, general and administrative expenses	480,686	420,047
Operating profit	476,266	211,189
Non-operating income		
Interest income	1,602	8,959
Dividend income	120	120
Income from assets for rent	2,310	3,210
Foreign exchange gains	40,966	18,145
Other	3,458	3,574
Total non-operating income	48,457	34,010
Non-operating expenses		
Interest expenses	1,975	1,376
Expenses of assets for rent	2,067	2,332
Other	757	1,518
Total non-operating expenses	4,800	5,227
Ordinary profit	519,924	239,972
Extraordinary income		
Gain on sale of non-current assets	63	27
Total extraordinary income	63	27
Extraordinary loss		
Loss on retirement of non-current assets	—	538
Total extraordinary loss	—	538
Profit before income taxes	519,987	239,460
Income taxes—current	183,506	55,321
Income taxes—deferred	(15,313)	33,546
Total income taxes	168,192	88,868
Profit	351,794	150,592
Profit attributable to owners of parent	351,794	150,592

(Quarterly consolidated statements of comprehensive income)  
(June 1, 2023 – August 31, 2023)

(Unit: Thousands of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
Profit	351,794	150,592
Other comprehensive income		
Foreign currency translation adjustment	6,749	18,370
Total other comprehensive income	6,749	18,370
Comprehensive income	358,544	168,963
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	358,544	168,963
Comprehensive income attributable to non-controlling interests	—	—

(3) Note regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

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

The main change during the first three months of the consolidated fiscal year under review was the disposal of treasury shares through a third-party allotment to the Board Benefit Trust account, in accordance with the resolution made at the meeting of the Board of Directors held on July 12, 2023. The disposal resulted in a decrease of 81,000 shares (113,920 thousand yen) of treasury stock, and an increase of 81,000 shares (113,643 thousand yen) of the Company's stock in the Board Benefit Trust account.

As a result, as of the end of the first quarter of the consolidated fiscal year under review, the balance of treasury shares was 1,109,349 thousand yen, a decrease of 277 thousand yen.

Furthermore, due to the above-mentioned disposal of treasury shares through third-party allotment in the first quarter of the consolidated fiscal year under review, capital surplus decreased by 277 thousand yen, bringing the balance of capital surplus as of the end of the first quarter of the consolidated fiscal year under review to 3,352,578 thousand yen.

(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 13,486 thousand yen (26,900 shares) at the end of the previous fiscal year and at the end of the first 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 367,080 thousand yen (127,228 shares) at the end of the previous fiscal year and 480,723 thousand yen (208,228 shares) at the end of the first quarter of the consolidated fiscal year under review.

(Implications of Russia–Ukraine situation for accounting estimates)

As the future of the Russia–Ukraine situation is unclear and its impact on economic activities is highly uncertain, we need to pay attention to any developments in the situation in the period ahead. However, we do not expect these to have a major impact on accounting estimates for the end of the first quarter of the consolidated fiscal year under review.

(Segment information)

I. For the first three months of the fiscal year ended May 31, 2023 (June 1, 2022 to August 31, 2022)

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	1,193,792	238,072	476,027	1,907,892
Intra-segment internal sales and transfer amount	—	—	—	—
Total	1,193,792	238,072	476,027	1,907,892
Segment profit (loss)	663,594	214	46,634	710,443

2. Difference between total amount of income 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	710,443
Company-wide expenses <sup>(Note)</sup>	(187,498)
Inter-segment eliminations	99
Adjustment of inventories	(46,777)
Operating profit in the quarterly consolidated statements of income	476,266

(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 three months of the fiscal year ending May 31, 2024 (June 1, 2023 to August 31, 2023)

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	977,127	288,088	474,798	1,740,014
Intra-segment internal sales and transfer amount	—	—	—	—
Total	977,127	288,088	474,798	1,740,014
Segment profit	356,698	16,758	5,361	378,818

2. Difference between total amount of income 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	378,818
Company-wide expenses <sup>(Note)</sup>	(162,233)
Inter-segment eliminations	36
Adjustment of inventories	(5,431)
Operating profit in the quarterly consolidated statements of income	211,189

(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.

(Revenue recognition-related information)

Disaggregated information on revenue from contracts with customers

For the first three months of the fiscal year ended May 31, 2023 (June 1, 2022 to August 31, 2022)

(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	1,193,792	235,080	476,027	1,904,901
Goods transferred over time	—	—	—	—
Revenue from contracts with customers	1,193,792	235,080	476,027	1,904,901
Other revenue <sup>(Note)</sup>	—	2,991	—	2,991
Sales to external customers	1,193,792	238,072	476,027	1,907,892

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

For the first three months of the fiscal year ending May 31, 2024 (June 1, 2023 to August 31, 2023)

(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	977,127	286,258	474,798	1,738,183
Goods transferred over time	—	—	—	—
Revenue from contracts with customers	977,127	286,258	474,798	1,738,183
Other revenue <sup>(Note)</sup>	—	1,830	—	1,830
Sales to external customers	977,127	288,088	474,798	1,740,014

(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 first quarter of the fiscal year ending May 31, 2024

#### (1) Status of orders

In the first three months of the consolidated fiscal year under review, a significant year-on-year increase was recorded in the amount of orders received, notably in the Internet of things related works segment and the promotion business of Industry 4.0 segment.

The main reason for the increase in the amount of orders received in the Internet of things related works segment was solid demand for capital investment by our major customers in Japan.

Concerning the promotion business of Industry 4.0 segment, the increase in the amount of orders received was mainly thanks to solid demand for capital investment by our major customers in Japan in the precision vibration isolation system area and new orders for FA (factory automation) image processing systems in the gear testing system area.

#### 1) Orders received

Segment	First three months of the previous consolidated fiscal year (June 1, 2022 to August 31, 2022)		First three months of the current consolidated fiscal year (June 1, 2023 to August 31, 2023)		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	1,040,681	3,243,169	2,066,391	2,728,318	1,025,709	(514,851)
Environmental energy related works	226,921	666,821	182,776	675,945	(44,144)	9,124
Promotion business of Industry 4.0	317,816	278,659	494,099	286,381	176,283	7,722
Total	1,585,418	4,188,650	2,743,266	3,690,644	1,157,848	(498,005)

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