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January 9, 2026

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending May 31, 2026 <Japanese GAAP>

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 Listed stock exchange: Tokyo
 Securities code: 7725
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 Scheduled date to file semi-annual securities report: January 13, 2026
 Scheduled date to commence dividend payments: February 16, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (For Institutional Investors, Analysts)

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Cumulative Second Quarter of the Fiscal Year Ending May 31, 2026 (June 1, 2025 to November 30, 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	%
Six months ended November 30, 2025	2,131	(47.3)	248	(79.0)	379	(67.7)	224	(72.8)
Six months ended November 30, 2024	4,044	35.8	1,182	200.7	1,175	167.7	825	206.0

(Note) Comprehensive income: Six months ended November 30, 2025: ¥273 million / (66.5)%
 Six months ended November 30, 2024: ¥815 million / 177.2%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2025	21.62	—
Six months ended November 30, 2024	75.55	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2025	12,267	10,573	86.2
As of May 31, 2025	13,656	11,765	86.2

(Reference) Shareholders' equity: As of November 30, 2025: ¥10,573 million
 As of May 31, 2025: ¥11,765 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, 2025	—	10.00	—	33.00	43.00
Fiscal year ending May 31, 2026	—	10.00			
Fiscal year ending May 31, 2026 (Forecast)			—	34.00	44.00

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

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

(% figures show year-on-year change 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	4,662	(30.1)	590	(58.3)	731	(47.2)	427	(56.3)	41.64

(Note) 1. Amendment to forecasts of financial results recently announced: Yes

- 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: Yes

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

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(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

(4) Number of shares issued (common shares)

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

As of November 30, 2025	11,510,200 shares
As of May 31, 2025	11,510,200 shares

(ii) Number of treasury shares at end of period

As of November 30, 2025	1,364,807 shares
As of May 31, 2025	537,807 shares

(iii) Average number of shares during period

For the six months ended November 30, 2025	10,394,575 shares
For the six months ended November 30, 2024	10,923,874 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.

* Semi-annual 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 Operating Results” (page 4) of the Attached Materials.

[Attached Materials]

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1. Qualitative Information on Operating Results

(1) Explanation of semi-annual operating results

Net sales and operating profit in the Inter Action Group's financial results for the first six months of 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 first six months of the consolidated fiscal year under review were as follows. Net sales fell by 47.3% to 2,131 million yen (compared with 4,044 million yen in the previous fiscal year); gross profit fell by 48.6% to 1,015 million yen (compared with 1,976 million yen in the previous fiscal year), largely due to the decrease in net sales; operating profit fell by 79.0% to 248 million yen (compared with 1,182 million yen in the previous fiscal year); ordinary profit fell by 67.7% to 379 million yen (compared with 1,175 million yen in the previous fiscal year); and profit attributable to owners of parent excluding income taxes fell by 72.8% to 224 million yen (compared with 825 million yen in the previous fiscal year).

The overall performance of each business segment was as follows.

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 six 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 six 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 business 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 same period of the previous year, although products for overseas customers enjoyed robust sales.

Regarding sales of inspection illuminators and pupil lens modules for domestic customers, net sales decreased significantly compared with the same period of the previous year. We believe this is due to continued moderation in a major domestic customer's capital investment demand following the large-scale capital investment made two fiscal years ago. In the capital investment plan announced by the customer at the beginning of the period, there was a possibility that the scale of capital investments would be expanded going forward, suggesting at that time that sales to the Company may be posted in the latter half of the current consolidated fiscal year. However, given that no confirmed order has been received as of now, the timing of sales recognition is not projected until the next consolidated fiscal year.

Regarding sales of inspection illuminators and pupil lens modules for overseas customers, net sales increased year on year. This reflected strong sales of inspection illuminators to overseas customers primarily in Europe, while pupil lens modules enjoyed robust sales to a major overseas customer. Concrete discussions are progressing with the major overseas customer from whom a large order has already been secured and whose capital investment appetite is expected to remain strong through the latter half of the current fiscal year and beyond. However, in our assessment, it is highly likely that sales will be booked not in the current fiscal year but in the next consolidated fiscal year.

During the first six months of the consolidated fiscal year under review, net sales to this segment's external customers fell by 54.9% year on year to 1,217 million yen (compared with 2,699 million yen in the previous fiscal year), and segment profit decreased by 65.8% to 515 million yen (compared with 1,504 million yen in the previous fiscal year).

(Promotion business of Industry 4.0)

During the first six months of the consolidated fiscal year under review, net sales to this segment's external customers fell by 8.7% to 909 million yen (compared with 996 million yen in the previous fiscal year). This is due to a small decrease in product sales in both precision vibration isolation systems and gear testing systems areas. Segment profit decreased by 32.9% to 87 million yen (compared with 130 million yen in the previous fiscal year). This was due to the absence of the large high-margin project in the precision vibration isolation systems area that had been recorded in the second quarter of the previous fiscal year. Progress during the first six months of the current consolidated fiscal year is largely on plan relative to the budget.

(Others)

During the first six months of the consolidated fiscal year under review, net sales to this segment's external customers decreased by 98.8% to 4 million yen (compared with 348 million yen in the previous fiscal year), and segment profit decreased by 26.0% to 3 million yen (compared with 4 million yen in the previous fiscal year). This is due to the exclusion of AIR GASES TECHNOCS Co. Ltd., formerly a consolidated subsidiary, from the scope of consolidation from the first six months of the consolidated fiscal year under review. In the corresponding period of the previous fiscal year, the said company recorded net sales of 345 million yen and a segment profit of 2 million yen.

(2) Explanation of semi-annual financial position

1) Assets, Liabilities and Net Assets

As of the end of the second quarter of the consolidated fiscal year under review, net assets amounted to 12,267 million yen, a decrease of 1,388 million yen compared with the end of the previous consolidated fiscal year (of which 649 million yen was attributable to the exclusion of a consolidated subsidiary from consolidation).

Current assets amounted to 10,713 million yen, a decrease of 1,441 million yen compared with 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 981 million yen in cash and deposits, 218 million yen in notes and accounts receivable – trade, and 127 million yen in work in progress (of which 304 million yen, 154 million yen, and 86 million yen respectively were attributable to the exclusion of a consolidated subsidiary from consolidation).

Non-current assets amounted to 1,554 million yen, an increase of 53 million yen compared with the end of the previous consolidated fiscal year (of which 44 million yen was attributable to the exclusion of a consolidated subsidiary from consolidation).

As of the end of the second quarter of the consolidated fiscal year under review, liabilities amounted to 1,694 million yen, a decrease of 196 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 111 million yen in provision for share awards for directors (and other officers) and 165 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 second quarter of the consolidated fiscal year under review, net assets amounted to 10,573 million yen, a decrease of 1,191 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 365 million yen in the previous fiscal year and a 1,099 million yen increase in treasury shares despite recording of profit attributable to owners of parent of 224 million yen.

2) Cash flows

At the end of the consolidated second quarter of the fiscal year under review, cash and cash equivalents amounted to 8,088 million yen, which is a decrease of 981 million yen in comparison to the balance at the end of the previous consolidated fiscal year.

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

(Cash flow from operating activities)

Net cash provided by operating activities during the consolidated second quarter of the fiscal year under review amounted to 705 million yen (in comparison with net cash provided by operating activities of 2,332 million yen in the previous fiscal year). This is mainly a result of having recorded 298 million yen in profit before income taxes and a decrease of 413 million yen in trade receivables.

(Cash flow from investing activities)

Net cash used in investing activities during the consolidated second quarter of the fiscal year under review amounted to 251 million yen (in comparison with net cash used in operating activities of 84 million yen in the previous fiscal year). This is mainly a result of having recorded 126 million yen in purchase of property, plant and equipment and 96 million yen in payments for sale of shares of subsidiaries resulting in change in scope of consolidation.

(Cash flow from financing activities)

Net cash used in financing activities during the consolidated second quarter of the fiscal year under review amounted to 1,572 million yen (in comparison with net cash used by financing activities of 270 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 363 million yen in cash dividends paid.

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

In light of recent business performance, we have revised the full-year consolidated earnings forecasts for the fiscal year ending May 31, 2026 disclosed on July 11, 2025. For details, please refer to “Notice of Publication Regarding Revisions to Full-Year Consolidated Earnings Forecasts and Year-end Dividend Forecast for the Fiscal Year Ending May 31, 2026” released today (January 9, 2026).

Note that this full-year earnings forecast could change depending on factors such as social conditions and market trends in Japan and overseas. Actual results could differ from the forecasts depending on a range of factors.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual consolidated balance sheets

(Unit: Thousands of yen)

	As of May 31, 2025	As of November 30, 2025
Assets		
Current assets		
Cash and deposits	9,080,481	8,098,871
Notes and accounts receivable—trade	865,796	647,475
Electronically recorded monetary claims—operating	343,272	240,163
Operational investment securities	46,103	48,618
Merchandise and finished goods	147,617	144,331
Work in process	917,573	790,127
Raw materials and supplies	657,595	590,846
Other	98,235	153,833
Allowance for doubtful accounts	(1,136)	(689)
Total current assets	12,155,541	10,713,577
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	294,547	281,522
Land	165,149	165,149
Other, net	325,330	389,024
Total property, plant and equipment	785,027	835,695
Intangible assets		
Goodwill	56,860	42,942
Other	74,606	112,728
Total intangible assets	131,466	155,671
Investments and other assets		
Investment securities	130,429	130,463
Other	463,938	442,570
Allowance for doubtful accounts	(9,938)	(10,296)
Total investments and other assets	584,429	562,737
Total non-current assets	1,500,923	1,554,105
Total assets	13,656,465	12,267,682

(Unit: Thousands of yen)

	As of May 31, 2025	As of November 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable–trade	228,306	222,506
Short-term borrowings	440,000	390,000
Current portion of long-term borrowings	61,266	56,982
Income taxes payable	124,859	114,039
Provision for product warranties	18,758	13,487
Provision for share awards for directors (and other officers)	154,000	42,200
Other	468,456	630,584
Total current liabilities	1,495,647	1,469,800
Non-current liabilities		
Long-term borrowings	246,916	136,032
Provision for share awards	12,761	31,323
Retirement benefit liability	107,824	44,539
Asset retirement obligations	10,150	—
Other	18,060	12,706
Total non-current liabilities	395,712	224,601
Total liabilities	1,891,359	1,694,401
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	7,312,644
Treasury shares	(802,712)	(1,902,341)
Total shareholders' equity	11,763,521	10,523,180
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,584	50,099
Total accumulated other comprehensive income	1,584	50,099
Total net assets	11,765,105	10,573,280
Total liabilities and net assets	13,656,465	12,267,682

(2) Semi-annual consolidated statements of income and consolidated statements of comprehensive income
(Semi-annual consolidated statements of income)
(June 1, 2025 – November 30, 2025)

(Unit: Thousands of yen)

	Six months ended November 30, 2024	Six months ended November 30, 2025
Net sales	4,044,395	2,131,555
Cost of sales	2,068,366	1,115,733
Gross profit	1,976,029	1,015,822
Selling, general and administrative expenses	793,769	767,173
Operating profit	1,182,259	248,649
Non-operating income		
Interest income	15,339	17,971
Dividend income	120	120
Income from assets for rent	10,020	3,340
Foreign exchange gains	—	118,572
Other	4,570	4,561
Total non-operating income	30,050	144,565
Non-operating expenses		
Interest expenses	3,500	3,873
Expenses of assets for rent	3,754	3,701
Foreign exchange losses	24,335	—
Other	4,820	5,675
Total non-operating expenses	36,410	13,250
Ordinary profit	1,175,899	379,964
Extraordinary losses		
Loss on retirement of non-current assets	233	890
Loss on sale of non-current assets	—	908
Loss on sale of shares of subsidiaries	—	79,734
Total extraordinary losses	233	81,533
Profit before income taxes	1,175,666	298,430
Income taxes—current	322,426	88,488
Income taxes—deferred	27,990	(14,749)
Total income taxes	350,416	73,738
Profit	825,249	224,691
Profit attributable to owners of parent	825,249	224,691

(Semi-annual consolidated statements of comprehensive income)
(June 1, 2025 – November 30, 2025)

(Unit: Thousands of yen)

	Six months ended November 30, 2024	Six months ended November 30, 2025
Profit	825,249	224,691
Other comprehensive income		
Foreign currency translation adjustment	(10,221)	48,515
Total other comprehensive income	(10,221)	48,515
Comprehensive income	815,028	273,207
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	815,028	273,207
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of cash flows

(Unit: Thousands of yen)

	Six months ended November 30, 2024 (June 1, 2024 to November 30, 2024)	Six months ended November 30, 2025 (June 1, 2025 to November 30, 2025)
Cash flows from operating activities		
Profit before income taxes	1,175,666	298,430
Depreciation	60,493	84,539
Amortization of goodwill	17,418	13,917
Increase (decrease) in allowance for doubtful accounts	(69,622)	245
Increase (decrease) in provision for product warranties	4,776	(3,031)
Increase (decrease) in provision for share awards	413	18,561
Increase (decrease) in provision for share awards for directors (and other officers)	(51,300)	(111,800)
Increase (decrease) in retirement benefit liability	(12,765)	(3,451)
Interest and dividend income	(15,460)	(18,091)
Interest expenses on borrowings and guarantee commission	3,500	3,873
Foreign exchange losses (gains)	26,803	(109,877)
Loss on retirement of property, plant and equipment	233	890
Loss (gain) on sale of property, plant and equipment	—	908
Loss (gain) on sale of shares of subsidiaries	—	79,734
Loss on valuation of inventories	21,131	27,011
Decrease (increase) in trade receivables	981,441	413,883
Decrease (increase) in inventories	505,464	17,890
Decrease (increase) in investment securities for sale	(937)	(2,514)
Increase (decrease) in trade payables	(111,295)	69,204
Other, net	83,262	(7,756)
Subtotal	2,619,224	772,570
Interest and dividends received	15,460	18,091
Interest and guarantee commission received	(3,563)	(3,427)
Income taxes paid	(298,766)	(81,824)
Net cash provided by (used in) operating activities	2,332,355	705,410
Cash flows from investing activities		
Purchase of property, plant and equipment	(62,284)	(126,893)
Proceeds from sale of property, plant and equipment	—	5,805
Purchase of intangible assets	(21,744)	(33,510)
Payments of leasehold deposits	(9)	—
Proceeds from refund of leasehold deposits	18	—
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(96,527)
Net cash provided by (used in) investing activities	(84,020)	(251,126)
Cash flows from financing activities		
Repayments of long-term borrowings	(29,768)	(24,828)
Repayments of finance lease liabilities	(3,322)	(7,973)
Purchase of treasury shares	—	(1,192,010)
Proceeds from sale of treasury shares	41,041	18,641
Dividends paid	(276,025)	(363,827)
Other	(2,506)	(2,506)
Net cash provided by (used in) financing activities	(270,580)	(1,572,504)
Effect of exchange rate change on cash and cash equivalents	(35,420)	136,610
Net increase (decrease) in cash and cash equivalents	1,942,332	(981,610)
Cash and cash equivalents at beginning of period	6,312,905	9,070,473
Cash and cash equivalents at end of period	8,255,238	8,088,862

(4) Note regarding the semi-annual consolidated financial statements

(Notes on segment information)

(Segment information)

I. For the first six months of the fiscal year ended May 31, 2025 (June 1, 2024 to November 30, 2024)

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

(Unit: Thousands of yen)

	Reportable segment			Other ^(Note)	Total
	Internet of things related works	Promotion business of Industry 4.0	Total		
Net sales					
Sales to external customers	2,699,554	996,787	3,696,341	348,054	4,044,395
Intra-segment internal sales and transfer amount	—	—	—	—	—
Total	2,699,554	996,787	3,696,341	348,054	4,044,395
Segment profit (loss)	1,504,921	130,668	1,635,590	4,770	1,640,360

(Note) The “Others” category represents the “environmental energy-related works” business segment which is outside the scope of reportable segments.

2. Difference between total amount of profits (losses) of reportable segments and the corresponding amount reported in the semi-annual consolidated statements of income, and the key components of such difference (reconciliation)

(Unit: Thousands of yen)

Income	Amount
Total of reportable segments	1,635,590
Loss of the “Other” segment	4,770
Company-wide expenses ^(Note)	(436,969)
Inter-segment eliminations	0
Adjustment of inventories	(21,131)
Operating profit in the semi-annual consolidated statements of income	1,182,259

(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 six months of the fiscal year ending May 31, 2026 (June 1, 2025 to November 30, 2025)

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

(Unit: Thousands of yen)

	Reportable segment			Other ^(Note)	Total
	Internet of things related works	Promotion business of Industry 4.0	Total		
Net sales					
Sales to external customers	1,217,777	909,763	2,127,541	4,014	2,131,555
Intra-segment internal sales and transfer amount	—	—	—	—	—
Total	1,217,777	909,763	2,127,541	4,014	2,131,555
Segment profit (loss)	515,034	87,696	602,731	3,530	606,261

(Note) The “Others” category represents the “environmental energy-related works” business segment which is outside the scope of reportable segments.

2. Difference between total amount of profits (losses) of reportable segments and the corresponding amount reported in the semi-annual consolidated statements of income, and the key components of such difference (reconciliation)

(Unit: Thousands of yen)

Income	Amount
Total of reportable segments	602,731
Profit of the “Other” segment	3,530
Company-wide expenses ^(Note)	(330,600)
Adjustment of inventories	(27,011)
Operating profit in the semi-annual consolidated statements of income	248,649

(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. Matters related to changes in reportable segments

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 six 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 six months of the consolidated fiscal year under review, the business is no longer identified as reportable segment but is presented under “Others.”

Segment information for the first six months of the previous consolidated fiscal year disclosed herein has been prepared based on the reportable segment classification applied in the first six months of the consolidated fiscal year under review.

4. 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)

In the first six months of the consolidated fiscal year under review, the Company acquired 737,300 shares of its own stock (999,973 thousand yen) pursuant to the resolution of the Board of Directors meeting held on July 11, 2025. In addition, 65,700 shares of the Company's stock (90,317 thousand yen) were acquired under the employee stock benefit trust, and 74,000 shares of the Company's stock (101,719 thousand yen) were acquired under the Directors' compensation stock benefit trust.

Under the Directors' compensation stock benefit trust, 13,400 shares of the Company's stock (24,758 thousand yen) were sold for cash benefits to eligible participants, and 36,600 shares (67,623 thousand yen) were granted to the same. As a result of the foregoing, treasury shares increased by 1,099,629 thousand yen, to 1,902,341 thousand yen as of the end of the first six months of the consolidated fiscal year under review.

Due to the transfer of all the shares in AIR GASES TECHNOS Co. Ltd, formerly a consolidated subsidiary, the said company is excluded from the scope of consolidation from the first six months of the consolidated fiscal year under review. As a result, retained earnings decreased by 237,484 thousand yen.

(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 first six months 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 first six months of the consolidated fiscal year under review.

(Revenue recognition-related information)

Disaggregated information on revenue from contracts with customers

I. For the first six months of the fiscal year ended May 31, 2025 (June 1, 2024 to November 30, 2024)

(Unit: Thousands of yen)

	Reportable segment			Other ^(Note 2)	Total
	Internet of things related works	Promotion business of Industry 4.0	Total		
Goods transferred at a point in time	2,699,554	995,937	3,695,491	345,617	4,041,108
Goods transferred over time	—	849	849	—	849
Revenue from contracts with customers	2,699,554	996,787	3,696,341	345,617	4,041,958
Other revenue ^(Note 1)	—	—	—	2,437	2,437
Sales to external customers	2,699,554	996,787	3,696,341	348,054	4,044,395

(Notes) 1. Other revenue is that recognized in “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan (ASBJ) Statement No. 10).

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

II. For the first six months of the fiscal year ending May 31, 2026 (June 1, 2025 to November 30, 2025)

(Unit: Thousands of yen)

	Reportable segment			Other ^(Note 2)	Total
	Internet of things related works	Promotion business of Industry 4.0	Total		
Goods transferred at a point in time	1,217,777	909,763	2,127,541	—	2,127,541
Goods transferred over time	—	—	—	—	—
Revenue from contracts with customers	1,217,777	909,763	2,127,541	—	2,127,541
Other revenue ^(Note 1)	—	—	—	4,014	4,014
Sales to external customers	1,217,777	909,763	2,127,541	4,014	2,131,555

(Notes) 1. Other revenue is that recognized in “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan (ASBJ) Statement No. 10).

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

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 six 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 six months of the consolidated fiscal year under review, the business is no longer identified as reportable segment but is presented under “Others.”

Revenue recognition-related information for the first six months of the previous consolidated fiscal year disclosed herein has been prepared based on the reportable segment classification applied in the first six months of the consolidated fiscal year under review.

3. Supplementary Explanation of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending May 31, 2026

(1) Status of orders

1) Orders received

Segment	First six months of the previous consolidated fiscal year (June 1, 2024 to November 30, 2024)		First six months of the current consolidated fiscal year (June 1, 2025 to November 30, 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	1,396,134	1,069,742	1,723,753	1,521,654	327,618	451,912
Promotion business of Industry 4.0	892,070	291,979	659,817	437,223	(232,252)	145,244
Others (Environmental energy related works) ^(Note 2)	279,143	422,547	—	—	(279,143)	(422,547)
Total	2,567,349	1,784,269	2,383,571	1,958,878	(183,778)	174,609

(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 six 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 (“—”).