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April 12, 2021

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending May 31, 2021 <Japanese GAAP>

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 Submission of quarterly report: April 13, 2021
 Dividend payment commencement date: –
 Preparation of explanatory materials for quarterly financial results: No
 Holding of a briefing on quarterly financial results: No

(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, 2021 (June 1, 2020 to February 28, 2021)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended February 28, 2021	5,108	3.2	1,391	45.6	1,408	47.4	932	50.8
Nine months ended February 29, 2020	4,949	(10.8)	955	(20.8)	955	(19.1)	618	(19.1)

(Note) Comprehensive income: Nine months ended February 28, 2021: ¥946 million / 57.2%
 Nine months ended February 29, 2020: ¥601 million / (19.1%)

	Profit per share	Profit per share—diluted
	Yen	Yen
Nine months ended February 28, 2021	85.03	—
Nine months ended February 29, 2020	56.63	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2021	11,362	8,799	77.4
As of May 31, 2020	10,005	7,872	78.7

(Reference) Shareholders' equity: As of February 28, 2021: ¥8,799 million
 As of May 31, 2020: ¥7,872 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, 2020	—	0.00	—	18.00	18.00
Fiscal year ending May 31, 2021	—	0.00	—		
Fiscal year ending May 31, 2021 (Forecast)				18.00	18.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending May 31, 2021 (June 1, 2020 to May 31, 2021)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,587	(7.0)	1,707	9.7	1,697	9.8	1,122	11.7	102.26

(Notes) 1 Amendment to forecasts of dividends 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 nine months ended February 28, 2021 (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 stock)

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

As of February 28, 2021	11,510,200 shares
As of May 31, 2020	11,510,200 shares

(ii) Number of treasury shares at end of period

As of February 28, 2021	514,483 shares
As of May 31, 2020	577,783 shares

(iii) Average number of shares during period

For the nine months ended February 28, 2021	10,970,172 shares
For the nine months ended February 29, 2020	10,925,581 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 4) of the Attached Materials.

[Attached Materials]

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1. Qualitative Information on Quarterly Results

(1) Explanation of operating results

The Inter Action Group conducts business in three segments: Internet of things related works; environmental energy related works; and promotion business of Industry 4.0. The business environment in each segment is as described below.

In the Internet of things related works segment, we manufacture inspection illuminators and pupil lens modules used for quality inspections in the image sensor production process and sell them to image sensor manufacturers.

The market for image sensors tends to hinge on the smartphone market since smartphones account for about 60-70% of image sensor applications, and factors such as the impact of the COVID-19 pandemic on consumer spending and of US-China trade frictions on smartphone manufacturers have kept market trends uncertain.

Nevertheless, the increasing number of image sensors (cameras) installed per smartphone with the move to compound lenses, as well as the growing popularity of smartphones with compound lenses, mean that image sensor manufacturers will probably need to continue increasing production capacity.

In the short term, demand remains focused on conventional image sensors that capture visible light in order to take photos and videos. In addition, the use of image sensors for ToF (Time of Flight) sensors and LiDAR (light detection and ranging) sensors in smartphones to capture three-dimensional information such as the distance between objects has increased recently, and we expect demand is likely to continue increasing for such applications.

Over the medium-to-long term, demand is expected to increase for image sensors that can capture three-dimensional information needed for self-driving vehicles and for industrial applications (machine-vision, surveillance cameras, etc.).

In the environmental energy related works segment, we manufacture and sell drying deodorizers used together with rotary presses (commercial printing presses) for large-volume printing and exhaust gas treatment systems for factories.

In the printing machinery industry, although new capital investment is diminishing due to the growing prevalence of information technologies, a certain number of rotary presses are replaced every year due to age-related degradation, and there is also demand for periodic maintenance. As there is minimal competition, the Inter Action Group is able to stably accommodate this demand at present. However, the COVID-19 pandemic has continued to slow progress in new projects and depressed appetite for capital investment among customers.

In the promotion business of Industry 4.0 segment, we mainly manufacture precision vibration isolation systems for removing vibrations that are a hindrance in the production process for displays and sell the systems to display manufacturers. We also manufacture testing systems for investigating whether gears are of the shape designed and sell them to gear manufacturers. In addition, as a new business for the Group, we are actively working to commercialize FA (factory automation) image processing and laser processing equipment-related businesses.

In the current flat panel and OLED display industries, appetite for investment has been sluggish among overseas customers in particular due to the impact of the COVID-19 pandemic, and the outlook remains uncertain.

Moreover, the gear testing systems market has essentially conformed to conditions of the machine tools market and is susceptible to economic fluctuations. Market conditions temporarily fell to an extent exceeding the global financial crisis due to the COVID-19 pandemic, but there have been signs of a gradual recovery centered on domestic auto manufacturers and in overseas (emerging country) industries.

In our new business related to FA image processing, we have developed and commercialized a gear inspection device that can automatically detect defective products based on images taken of small scratches that occur during the manufacturing process of metal gears, and begun selling it through our subsidiary Tokyo Technical Instruments from November 2020. In the future, with the intention of completely automating gear inspections, we will introduce robots that pick up gears through to inspection systems, and expand product sales while investigating use in applications outside the gear field.

As for the laser processing machines-related business, which is also a new business, in the field of micromachining using lasers, we have proposed short-pulse laser ablation technology (processing that reduces thermal damage to materials by irradiating light for short periods of time) to businesses involved in ceramic processing, and have received inquiries from multiple companies. We therefore anticipate a high degree of usefulness in ablation processing for ceramics and other hard-to-process materials. We are currently repeating the test process, taking customer feedback into account in our assessment toward commercialization. In addition, we plan to conduct tests with a view to applying silicon wafers to a range of processing applications.

As a result, consolidated net sales for the nine months ended February 28, 2021 rose by 3.2% year on year to 5,108 million yen, and gross profit rose by 13.8% year on year to 2,692 million yen due to an improved profit margin and other factors. Operating income rose 45.6% year on year to 1,391 million yen, ordinary income rose 47.4% year on year to 1,408 million yen, and profit attributable to owners of parent excluding income taxes was up 50.8% year on year to 932 million yen.

The overall performance of each business segment was as follows.

(Internet of things related works)

Against a backdrop of social conditions framed by continued trade friction between the US and China, image sensor manufacturers' capital investment trends in Japan differed from those in other countries. Sales of our products, centered on overseas customers, were strong, and sales and profits increased year on year.

However, orders and the backlog of orders fell significantly compared to the same period of the previous year. This was because orders were concentrated in the third quarter of the previous fiscal year following the resumption of orders that had stalled due to issues between Japan and South Korea, and does not reflect a deterioration in business conditions.

Japanese customers remained cautious about investment decisions as trends at smartphone manufacturers, the main business partners, were uncertain, but inquiries are currently increasing and appetite for capital investment is recovering. We estimate that inquiries for inspection illuminators will increase as companies plan to move forward on new capital investment that had been postponed. Demand for pupil lens modules remained strong, and revenue increased year on year.

Sales of inspection illuminators remained upbeat at existing customers overseas. We recognize that customers are actively making capital investments because some production lines at existing semiconductor production plants are being modified to produce image sensors, mainly to meet increasing demand for image sensors for smartphone manufacturers in China. We therefore expect aggressive investment to continue.

We have continued to verify pupil lens modules with overseas customers, and we recognize that we are in the final stages of full-scale deployment, but the timing and scale are yet to be decided.

In addition, we completed delivery of inspection illuminators ordered by new customers in China in the second quarter, and have received an order for additional inspection illuminators. We expect customer inspections to continue over the medium-to-long term, and will continue to monitor trends.

During the nine months ended February 28, 2021, net sales to this segment's external customers rose by 11.4% year on year to 3,500 million yen (in comparison with 3,142 million yen in the previous fiscal year), and segment income rose by 27.0% year on year to 1,956 million yen (in comparison with 1,540 million yen in the previous fiscal year).

(Environmental energy related works)

We focused on highly profitable projects for upgrading existing facilities and large-scale repair work related to facility relocation. Sales and profits increased year on year.

However, orders and the backlog of orders have been sluggish because companies pushed back capital investment plans due to the impact of the pandemic. As we expect demand for new capital investment in related industries to remain severe, we will continue to focus on upgrading existing facilities and maintenance work, which has a low investment hurdle for customers. We also plan to take measures that bring the potential of product development in new fields into view, targeting medium- to long-term growth.

During the nine months ended February 28, 2021, net sales to this segment's external customers rose by 6.7% year on year to 683 million yen (in comparison with 640 million yen in the previous fiscal year), and segment income rose by 664.1% year on year to 34 million yen (in comparison with 4 million yen in the previous fiscal year).

(Promotion business of Industry 4.0)

Sales and orders continued to be soft for the segment as a whole because appetite for investment in capital equipment across all industries did not recover from the slump following the pandemic. However, we made smooth progress in the improvement of existing products and the development of new products aimed at growth over the medium-to-long-term.

In precision vibration isolation systems, appetite for capital investment among some customers in Japan is recovering, but it has been especially difficult to secure sales among overseas customers. We will continue to focus on developing new products and increasing the performance of existing products to create a medium- and long-term technical platform. We aim to increase orders and sales from overseas customers.

In gear testing systems, sales and orders declined year on year.

In Japan, we have seen signs of an increase in production systems and prices, mainly at automakers, but conditions have yet to recover.

Meanwhile, in overseas markets, demand for automotive products in China and the US is on a recovery trend, but travel restrictions and other factors mean it is still difficult to aggressively conduct sales activities.

However, the existence of potential customer demand suggests that sales to overseas customers could increase over the medium-to-long term as regulations ease.

In new gear-related business, we participated in the Japan International Machine Tool Fair JIMTOF2020 (at the machine tools exhibition) held on the web, where our new FA image processing system and gear testing machine made an impression.

Our FA image processing systems receive high praise from customers because they are capable of inspections that other companies have found difficult to achieve. Our customers have started to verify our products, and we will also focus on

improving product competitiveness with the aim of full-scale use.

During the nine months ended February 28, 2021, net sales to this segment's external customers decreased by 20.7% year on year to 924 million yen (in comparison with 1,166 million yen in the previous fiscal year), and the segment recorded a loss of 78 million yen (in comparison with profit of 48 million yen in the previous fiscal year).

(2) Explanation of financial position

As of the end of the third quarter of the consolidated fiscal year under review, net assets amounted to 11,362 million yen, an increase of 1,357 million yen in comparison to the end of the previous consolidated fiscal year.

Current assets amounted to 9,985 million yen, a rise of 1,409 million yen in comparison to the end of the previous consolidated fiscal year. This is mainly attributable to a 2,139 million yen rise in cash and deposits, despite a 474 million yen decline in notes and accounts receivable-trade and a 164 million yen decline in work in progress.

Non-current assets amounted to 1,377 million yen, a decrease of 52 million yen in comparison to 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 2,563 million yen, a rise of 430 million yen in comparison to the end of the previous consolidated fiscal year. This is mainly attributable to a 188 million yen increase in income taxes payable and a 183 million yen increase in bonds and loans payable including the current portions thereof.

As of the end of the third quarter of the consolidated fiscal year under review, net assets amounted to 8,799 million yen, an increase of 926 million yen in comparison to the end of the previous consolidated fiscal year. This is mainly due to booking of 932 million yen in profit attributable to owners of parent and 182 million yen in the transfer of treasury stock by trust, while year-end dividends in the previous fiscal year totaled 202 million yen.

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

There is no amendment to consolidated earnings forecasts disclosed on January 12, 2021.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly consolidated balance sheets

(Unit: Thousands of yen)

	As of May 31, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	4,906,332	7,045,459
Notes and accounts receivable–trade	1,610,612	1,136,348
Electronically recorded monetary claims–operating	489,357	410,526
Operational investment securities	45,223	38,077
Merchandise and finished goods	151,980	130,450
Work in process	861,327	696,684
Raw materials and supplies	505,257	479,032
Other	43,581	74,846
Allowance for doubtful accounts	(38,291)	(26,315)
Total current assets	8,575,381	9,985,109
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	304,925	288,807
Land	165,149	165,149
Other, net	212,808	210,832
Total property, plant and equipment	682,883	664,789
Intangible assets		
Goodwill	283,568	246,936
Other	43,765	40,798
Total intangible assets	327,334	287,735
Investments and other assets		
Investment securities	130,399	130,402
Other	299,662	374,272
Allowance for doubtful accounts	(10,045)	(79,310)
Total investments and other assets	420,017	425,364
Total non-current assets	1,430,234	1,377,888
Total assets	10,005,615	11,362,997

(Unit: Thousands of yen)

	As of May 31, 2020	As of February 28, 2021
Liabilities		
Current liabilities		
Notes and accounts payable–trade	457,258	399,170
Short-term loans payable	190,000	210,000
Current portion of bonds	60,000	60,000
Current portion of long-term loans payable	255,101	166,076
Income taxes payable	132,553	321,106
Provision for bonuses	—	40,308
Provision for product warranties	26,300	25,197
Provision for director stock benefits	199,400	156,500
Other	324,744	500,476
Total current liabilities	1,645,357	1,878,835
Non-current liabilities		
Bonds payable	90,000	30,000
Long-term loans payable	211,171	523,829
Provision for stock benefits	3,020	3,583
Provision for loss on obligations guarantee	58,000	—
Net defined benefit liability	89,662	95,085
Asset retirement obligations	10,150	10,150
Other	25,285	22,082
Total non-current liabilities	487,289	684,731
Total liabilities	2,132,647	2,563,567
Net assets		
Shareholders' equity		
Capital stock	1,760,299	1,760,299
Capital surplus	3,352,855	3,352,855
Retained earnings	3,870,244	4,600,354
Treasury shares	(1,074,588)	(891,954)
Total shareholders' equity	7,908,811	8,821,555
Accumulated other comprehensive income		
Foreign currency translation adjustment	(35,842)	(22,124)
Total accumulated other comprehensive income	(35,842)	(22,124)
Total net assets	7,872,968	8,799,430
Total liabilities and net assets	10,005,615	11,362,997

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
(June 1, 2020 – February 28, 2021)

(Unit: Thousands of yen)

	Nine months ended February 29, 2020	Nine months ended February 28, 2021
Net sales	4,949,774	5,108,444
Cost of sales	2,585,031	2,416,202
Gross profit	2,364,743	2,692,241
Selling, general and administrative expenses	1,408,752	1,300,292
Operating income	955,991	1,391,949
Non-operating income		
Interest income	2,217	462
Dividend income	180	50
Income from assets for rent	9,682	9,784
Foreign exchange gains	806	708
Subsidy income	—	8,672
Other	5,206	12,698
Total non-operating income	18,092	32,376
Non-operating expenses		
Interest expenses	6,728	6,358
Expenses of assets for rent	9,304	7,611
Share of loss of entities accounted for using equity method	669	646
Other	2,343	1,542
Total non-operating expenses	19,046	16,159
Ordinary income	955,037	1,408,166
Extraordinary income		
Gain on sales of non-current assets	281	—
Total extraordinary income	281	—
Extraordinary losses		
Loss on retirement of non-current assets	495	7,775
Loss on sales of non-current assets	219	—
Loss on transfer of operations	19,856	—
Total extraordinary losses	20,570	7,775
Profit before income taxes	934,748	1,400,390
Income taxes—current	258,238	468,850
Income taxes—deferred	57,793	(1,253)
Total income taxes	316,031	467,596
Profit	618,716	932,793
Profit attributable to owners of parent	618,716	932,793

(Quarterly consolidated statements of comprehensive income)

(June 1, 2020 – February 28, 2021)

(Unit: Thousands of yen)

	Nine months ended February 29, 2020	Nine months ended February 28, 2021
Profit	618,716	932,793
Other comprehensive income		
Foreign currency translation adjustment	(16,684)	13,892
Share of other comprehensive income of entities accounted for using equity method	(43)	(174)
Total other comprehensive income	(16,728)	13,717
Comprehensive income	601,988	946,511
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	601,988	946,511
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)

During the nine months ended February 28, 2021, the directors' compensation stock benefit trust sold 24,600 shares (70,976,000 yen) to provide cash benefits to eligible members and also allocated 38,700 shares (111,658,000 yen) to eligible members.

As a result, treasury shares decreased by 182,634,000 yen to 891,954,000 yen as of the end of the third quarter of the consolidated fiscal year under review.

(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. At the end of the previous fiscal year and at the end of the third quarter of the consolidated fiscal year under review, the treasury shares in question had a book value of 13,736,000 yen (27,400 shares).

(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. At the end of the previous fiscal year the treasury shares in question had a book value of 866,801,000 yen (300,428 shares), and at the end of the third quarter of the consolidated fiscal year under review their book value was 684,166,000 yen (237,128 shares).

(Implications of COVID-19 for accounting estimates)

We have made no significant change in our assumptions including for when the COVID-19 pandemic might be contained from those announced in "Implications of COVID-19 for accounting estimates" in the "Additional information" section of our summary of financial results for the fiscal year ended May 31, 2020.

(Segment information)

I. For the nine months ended February 29, 2020 (June 1, 2019 to February 29, 2020)

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	3,142,973	640,705	1,166,094	4,949,774
Intra-segment internal sales and transfer amount	—	—	—	—
Total	3,142,973	640,705	1,166,094	4,949,774
Segment income	1,540,553	4,470	48,039	1,593,063

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	1,593,063
Company-wide expenses (Note)	(625,301)
Inter-segment eliminations	726
Adjustment of inventories	(12,497)
Operating income in the quarterly consolidated statements of income	955,991

(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 nine months ended February 28, 2021 (June 1, 2020 to February 28, 2021)

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	3,500,467	683,747	924,229	5,108,444
Intra-segment internal sales and transfer amount	—	—	—	—
Total	3,500,467	683,747	924,229	5,108,444
Segment income (losses)	1,956,580	34,156	(78,080)	1,912,656

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	1,912,656
Company-wide expenses (Note)	(502,012)
Inter-segment eliminations	526
Adjustment of inventories	(19,221)
Operating income in the quarterly consolidated statements of income	1,391,949

(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.

3. Supplementary explanation of consolidated financial results for the third quarter of the fiscal year ending May 31, 2021

(1) Status of orders

During the first three quarters of the consolidated fiscal year under review, business conditions in the environmental energy related works and promotion of business of Industry 4.0 segments were more difficult than in the previous fiscal year because the COVID-19 pandemic depressed customers' appetite for capital investment.

In the Internet of things related works segment, orders and the backlog of orders fell significantly compared to the same period of the previous year. This was because orders were concentrated in the third quarter of the previous fiscal year following the resumption of orders that had stalled due to issues between Japan and South Korea, and does not reflect negatives such as a deterioration in business conditions. In addition, we expect capital investment to pick up at some major customers, and although the pace of recent capital investment among our customers is uncertain, we see strong potential demand for capital investment.

As such, and also taking into account special demand in the previous fiscal year for the Internet of things related business, which has a large weighting on a consolidated basis, we do not believe the business environment worsened this fiscal year, even though the Group's orders and the order balance declined year on year.

Orders received

Segment	1-3Q of the previous consolidated fiscal year (June 1, 2019 to February 29, 2020)		1-3Q of the current consolidated fiscal year (June 1, 2020 to February 28, 2021)		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	4,299,218	2,348,887	3,055,171	928,065	(1,244,046)	(1,420,822)
Environmental energy related works	675,690	412,981	445,345	158,192	(230,344)	(254,789)
Promotion business of Industry 4.0	1,028,865	267,128	817,650	176,550	(211,215)	(90,577)
Total	6,003,774	3,028,997	4,318,167	1,262,808	(1,685,606)	(1,766,189)

(Notes) 1 Consumption taxes are not included in the above amounts.

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