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January 12, 2024

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

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 Listed stock exchange: Tokyo
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 Submission of quarterly report: January 15, 2024
 Dividend payment commencement date: February 19, 2024
 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 Second Quarter of the Fiscal Year Ending May 31, 2024 (June 1, 2023 to November 30, 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	%
Six months ended November 30, 2023	2,979	(1.8)	393	(36.0)	439	(33.5)	269	(37.1)
Six months ended November 30, 2022	3,032	1.1	614	3.4	660	8.0	429	11.1

(Note) Comprehensive income: Six months ended November 30, 2023: ¥294 million / (32.5)%
 Six months ended November 30, 2022: ¥435 million / 12.7%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2023	24.83	—
Six months ended November 30, 2022	39.42	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2023	12,398	10,277	82.9
As of May 31, 2023	12,610	10,132	80.4

(Reference) Shareholders' equity: As of November 30, 2023: ¥10,277 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	–	10.00			
Fiscal year ending May 31, 2024 (Forecast)			–	25.00	35.00

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

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)	60.28

(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 six months ended November 30, 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 November 30, 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 November 30, 2023	618,007 shares
As of May 31, 2023	672,507 shares

(iii) Average number of shares during period

For the six months ended November 30, 2023	10,859,142 shares
For the six months ended November 30, 2022	10,881,847 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]

Index

1. Qualitative Information on Quarterly Results.....	2
(1) Explanation of operating results	2
(2) Explanation of financial position	2
(3) Explanation of forward-looking information including consolidated earnings forecasts	3
2. Quarterly Consolidated Financial Statements and Notes.....	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income.....	6
(Quarterly consolidated statements of income)	
June 1, 2023 – November 30, 2023	6
(Quarterly consolidated statements of comprehensive income)	
June 1, 2023 – November 30, 2023	7
(3) Consolidated statement of cash flows.....	8
(4) Note regarding the quarterly consolidated financial statements	9
(Notes on premise of going concern)	9
(Notes on significant changes in the amount of shareholders' equity)	9
(Additional information)	9
(Segment information)	10
(Revenue recognition-related information)	12
3. Supplementary explanation of consolidated financial results for the second quarter of the fiscal year ending May 31, 2024....	13
(1) Status of orders	13

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 six 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 and the Industry 4.0 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 six 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 six months of the consolidated fiscal year under review were as follows. Net sales fell by 1.8 % to 2,979 million yen (compared with 3,032 million yen in the previous fiscal year); gross profit fell by 22.0% to 1,145 million yen (compared with 1,468 million yen in the previous fiscal year), largely due to the decrease in net sales; operating profit fell by 36.0% to 393 million yen (compared with 614 million yen in the previous fiscal year); ordinary profit fell by 33.5% to 439 million yen (compared with 660 million yen in the previous fiscal year); and profit attributable to owners of parent excluding income taxes fell by 37.1% to 269 million yen (compared with 429 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 six months of the consolidated fiscal year under review, net sales to this segment's external customers fell by 10.5% year on year to 1,637 million yen (compared with 1,829 million yen in the previous fiscal year), and segment profit decreased by 34.6% to 636 million yen (compared with 973 million yen in the previous fiscal year). This reflects sluggish sales of the highly profitable inspection illuminators for overseas customers, in contrast to strong sales of inspection illuminators and pupil lens modules for domestic customers, a trend that continued from the first three months.

With respect to inspection illuminators for domestic customers, we expect profitability will be improving compared to the past as the focus of sales shifts from existing low-margin models to new models.

(Environmental energy related works)

During the first six months of the consolidated fiscal year under review, net sales to this segment's external customers rose by 29.3% to 466 million yen (compared with 360 million yen in the previous fiscal year), and segment profit was 18 million yen (loss of 14 million yen in the previous fiscal year). This is attributable to robust sales of high-value main units and high-profit maintenance projects in the drying deodorizer area.

(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 rose by 3.9% to 874 million yen (compared with 842 million yen in the previous fiscal year), and the segment profit decreased by 60.6% to 15 million yen (compared with 40 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.

The decrease in segment profit is attributable also to research and development expenditures and other costs incurred in connection with the opening of Nagasaki Development Center.

(2) Explanation of 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 12,398 million yen, a decrease of 211 million yen compared with the end of the previous consolidated fiscal year.

Current assets amounted to 11,131 million yen, a decrease of 164 million yen compared with the end of the previous consolidated fiscal year. This is mainly attributable to a 330 million yen decrease in notes and accounts receivable – trade, despite a 136 million yen increase in electronically recorded monetary claims–operating.

Non-current assets amounted to 1,266 million yen, a decrease of 47 million yen compared with the end of the previous consolidated fiscal year.

As of the end of the second quarter of the consolidated fiscal year under review, liabilities amounted to 2,120 million yen, a decrease of 356 million yen compared with the end of the previous consolidated fiscal year. This is mainly attributable to decreases respectively of 186 million yen in income taxes payable and 119 million yen in provision for share awards for directors (and other officers).

As of the end of the second quarter of the consolidated fiscal year under review, net assets amounted to 10,277 million yen, an increase of 145 million yen compared with the amount held at the end of the previous consolidated fiscal year. This is mainly attributable to recording of profit attributable to owners of parent of 269 million yen and a 126 million yen decrease in treasury shares, despite year-end dividends of 274 million yen in the previous fiscal year.

2) Cash flows

At the end of the consolidated cumulative second quarter of the fiscal year under review, cash and cash equivalents amounted to 6,922 million yen, which is an increase of 69 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 401 million yen (in comparison with net cash provided by operating activities of 143 million yen in the previous fiscal year). This is mainly a result of having recorded 438 million yen in profit before income taxes and a decrease of 212 million yen in trade receivables, despite a decrease of 119 million yen in provision for share awards for directors (and other officers) and 272 million yen in income taxes paid.

(Cash flow from investing activities)

Net cash used in investing activities during the consolidated second quarter of the fiscal year under review amounted to 77 million yen (in comparison with net cash used in operating activities of 70 million yen in the previous fiscal year). This is mainly a result of having recorded 62 million yen in purchase of property, plant and equipment.

(Cash flow from financing activities)

Net cash used in financing activities during the consolidated second quarter of the fiscal year under review amounted to 283 million yen (in comparison with net cash used by financing activities of 200 million yen in the previous fiscal year). This is mainly a result of having recorded 273 million yen in cash dividends paid.

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

There is no amendment to consolidated earnings forecasts disclosed on October 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 November 30, 2023
Assets		
Current assets		
Cash and deposits	6,863,003	6,934,951
Notes and accounts receivable–trade	848,689	517,873
Electronically recorded monetary claims–operating	730,787	866,879
Operational investment securities	39,149	38,980
Merchandise and finished goods	137,205	122,625
Work in process	1,791,333	1,784,575
Raw materials and supplies	712,967	718,568
Other	201,988	169,006
Allowance for doubtful accounts	(28,702)	(21,668)
Total current assets	11,296,423	11,131,793
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	244,800	238,011
Land	165,149	165,149
Other, net	231,607	251,395
Total property, plant and equipment	641,556	654,556
Intangible assets		
Goodwill	137,039	112,617
Other	32,032	42,702
Total intangible assets	169,072	155,320
Investments and other assets		
Investment securities	130,430	130,476
Other	385,694	338,219
Allowance for doubtful accounts	(13,018)	(12,008)
Total investments and other assets	503,106	456,687
Total non-current assets	1,313,735	1,266,564
Total assets	12,610,159	12,398,358

(Unit: Thousands of yen)

	As of May 31, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable–trade	454,887	434,628
Short-term borrowings	340,000	440,000
Current portion of long-term borrowings	63,936	60,176
Income taxes payable	306,275	119,514
Provision for product warranties	15,979	14,576
Provision for share awards for directors (and other officers)	167,000	48,000
Other	532,116	522,472
Total current liabilities	1,880,193	1,639,367
Non-current liabilities		
Long-term borrowings	460,018	335,950
Provision for share awards	9,362	10,252
Retirement benefit liability	98,827	104,339
Asset retirement obligations	10,150	10,150
Other	19,308	20,901
Total non-current liabilities	597,666	481,592
Total liabilities	2,477,859	2,120,960
Net assets		
Shareholders' equity		
Share capital	1,760,299	1,760,299
Capital surplus	3,352,855	3,352,578
Retained earnings	6,122,593	6,117,447
Treasury shares	(1,109,626)	(983,528)
Total shareholders' equity	10,126,122	10,246,797
Accumulated other comprehensive income		
Foreign currency translation adjustment	6,176	30,599
Total accumulated other comprehensive income	6,176	30,599
Total net assets	10,132,299	10,277,397
Total liabilities and net assets	12,610,159	12,398,358

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
(June 1, 2023 – November 30, 2023)

(Unit: Thousands of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Net sales	3,032,703	2,979,016
Cost of sales	1,564,247	1,833,169
Gross profit	1,468,456	1,145,846
Selling, general and administrative expenses	853,841	752,612
Operating profit	614,614	393,234
Non-operating income		
Interest income	1,697	9,000
Dividend income	120	120
Income from assets for rent	4,620	8,220
Foreign exchange gains	43,137	20,712
Subsidy income	—	13,225
Other	5,799	4,684
Total non-operating income	55,375	55,963
Non-operating expenses		
Interest expenses	3,965	2,761
Expenses of assets for rent	4,147	4,283
Other	1,328	2,971
Total non-operating expenses	9,442	10,015
Ordinary profit	660,547	439,182
Extraordinary income		
Gain on sale of non-current assets	63	27
Total extraordinary income	63	27
Extraordinary losses		
Loss on retirement of non-current assets	—	538
Total extraordinary losses	—	538
Profit before income taxes	660,611	438,671
Income taxes—current	202,591	99,439
Income taxes—deferred	29,013	69,582
Total income taxes	231,604	169,021
Profit	429,006	269,649
Profit attributable to owners of parent	429,006	269,649

(Quarterly consolidated statements of comprehensive income)
 (June 1, 2023 – November 30, 2023)

(Unit: Thousands of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Profit	429,006	269,649
Other comprehensive income		
Foreign currency translation adjustment	6,663	24,423
Total other comprehensive income	6,663	24,423
Comprehensive income	435,670	294,072
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	435,670	294,072
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of cash flows

(Unit: Thousands of yen)

	2Q ended November 30, 2022 (June 1, 2022 to November 30, 2022)	2Q ended November 30, 2023 (June 1, 2023 to November 30, 2023)
Cash flows from operating activities		
Profit before income taxes	660,611	438,671
Depreciation	54,835	69,216
Amortization of goodwill	24,421	24,421
Increase (decrease) in allowance for doubtful accounts	(10,438)	(5,069)
Increase (decrease) in provision for product warranties	(2,562)	(1,417)
Increase (decrease) in provision for share awards	691	889
Increase (decrease) in provision for share awards for directors (and other officers)	(59,600)	(119,000)
Increase (decrease) in retirement benefit liability	7,175	5,342
Interest and dividend income	(1,818)	(9,120)
Interest expenses on borrowings and guarantee commission	3,974	2,761
Foreign exchange losses (gains)	(44,290)	(20,515)
Loss on retirement of property, plant and equipment	—	538
Loss (gain) on sale of property, plant and equipment	(63)	(27)
Loss on valuation of inventories	52,650	10,891
Decrease (increase) in trade receivables	418,237	212,092
Decrease (increase) in inventories	(779,263)	13,679
Decrease (increase) in investment securities for sale	(991)	169
Increase (decrease) in trade payables	(22,226)	(16,842)
Other, net	129	60,580
Subtotal	301,473	667,262
Interest and dividends received	1,818	9,120
Interest and guarantee commission received	(4,077)	(2,817)
Income taxes paid	(155,853)	(272,441)
Net cash provided by (used in) operating activities	143,359	401,123
Cash flows from investing activities		
Payments into time deposits	—	(2,400)
Proceeds from withdrawal of time deposits	1,300	—
Purchase of property, plant and equipment	(60,188)	(62,683)
Proceeds from sale of property, plant and equipment	—	27
Purchase of investment securities	(11,980)	(14,448)
Payments of leasehold deposits	—	(17)
Proceeds from refund of leasehold deposits	—	2,443
Net cash provided by (used in) investing activities	(70,868)	(77,078)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	60,000	100,000
Repayments of long-term borrowings	(41,438)	(127,828)
Redemption of bonds	(30,000)	—
Repayments of finance lease liabilities	(4,787)	(4,908)
Purchase of treasury shares	—	(113,643)
Proceeds from sale of treasury shares	36,012	137,615
Dividends paid	(220,519)	(273,093)
Other	—	(2,005)
Net cash provided by (used in) financing activities	(200,731)	(283,863)
Effect of exchange rate change on cash and cash equivalents	49,407	29,366
Net increase (decrease) in cash and cash equivalents	(78,833)	69,547
Cash and cash equivalents at beginning of period	6,740,352	6,852,995
Cash and cash equivalents at end of period	6,661,519	6,922,543

(4) 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 six 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.

In connection with the Board Benefit Trust, the Company sold 22,800 shares (52,637 thousand yen) of the Company's stock for payment of cash benefits to eligible beneficiaries, and granted 31,700 shares (73,183 thousand yen) of the Company's stock to eligible beneficiaries.

As a result, treasury shares decreased by 126,097 thousand yen to 983,528 thousand yen as of the end of the second quarter of the consolidated fiscal year under review.

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 second 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 second 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 354,902 thousand yen (153,728 shares) at the end of the second 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 second quarter of the consolidated fiscal year under review.

(Segment information)

I. For the first six months of the fiscal year ended May 31, 2023 (June 1, 2022 to November 30, 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	1,829,632	360,946	842,123	3,032,703
Intra-segment internal sales and transfer amount	—	—	—	—
Total	1,829,632	360,946	842,123	3,032,703
Segment profit (loss)	973,592	(14,776)	40,126	998,942

2. Difference between total amount of profits (losses) 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	998,942
Company-wide expenses ^(Note)	(331,876)
Inter-segment eliminations	199
Adjustment of inventories	(52,650)
Operating profit in the quarterly consolidated statements of income	614,614

(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, 2024 (June 1, 2023 to November 30, 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	1,637,869	466,567	874,580	2,979,016
Intra-segment internal sales and transfer amount	—	—	—	—
Total	1,637,869	466,567	874,580	2,979,016
Segment profit (loss)	636,957	18,814	15,795	671,567

2. Difference between total amount of profits (losses) 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	671,567
Company-wide expenses ^(Note)	(267,483)
Inter-segment eliminations	42
Adjustment of inventories	(10,891)
Operating profit in the quarterly consolidated statements of income	393,234

(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 six months of the fiscal year ended May 31, 2023 (June 1, 2022 to November 30, 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	1,829,632	357,955	842,123	3,029,711
Goods transferred over time	—	—	—	—
Revenue from contracts with customers	1,829,632	357,955	842,123	3,029,711
Other revenue ^(Note)	—	2,991	—	2,991
Sales to external customers	1,829,632	360,946	842,123	3,032,703

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

For the first six months of the fiscal year ending May 31, 2024 (June 1, 2023 to November 30, 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	1,637,869	464,736	874,580	2,977,186
Goods transferred over time	—	—	—	—
Revenue from contracts with customers	1,637,869	464,736	874,580	2,977,186
Other revenue ^(Note)	—	1,830	—	1,830
Sales to external customers	1,637,869	466,567	874,580	2,979,016

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

(1) Status of orders

1) Orders received

Segment	First six months of the previous consolidated fiscal year (June 1, 2022 to November 30, 2022)		First six months of the current consolidated fiscal year (June 1, 2023 to November 30, 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	1,494,126	3,063,998	2,261,775	2,272,928	767,648	(791,069)
Environmental energy related works	490,164	808,445	432,248	748,967	(57,916)	(59,478)
Promotion business of Industry 4.0	717,316	347,407	770,233	269,466	52,917	(77,940)
Total	2,701,607	4,219,851	3,464,257	3,291,362	762,649	(928,489)

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