



**First quarter of the fiscal year ending May 31, 2023  
(31st period)**

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# **Financial Results Briefing Session**

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**October 12, 2022**

**INTER ACTION Corporation**

**Securities code: 7725**

\* We kindly ask all participants to refrain from video or audio recording of this presentation.

# Agenda

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- ① **Summary of Financial Results**
- ② **Topic by Segment**
- ③ **Risks in Business Activities**
- ④ **Future Measures**

-Appendix-

# Summary of Financial Results

# Summary of Financial Results

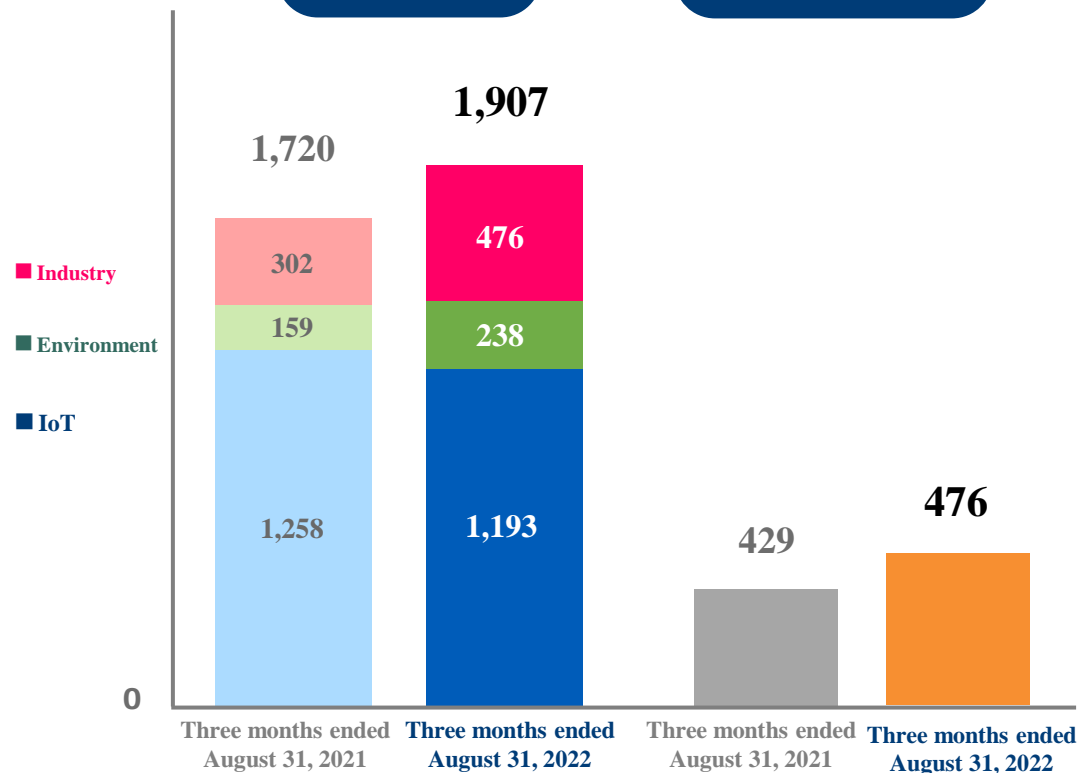
## Key points

- Consolidated financial results saw year-on-year increases in both net sales and profits due largely to a profit increase in the internet of things related works segment and net sales and profit increases in the promotion business of the industry 4.0 segment.
- Internet of things related works segment: Increase in profits due to strong sales of high-profit illuminators for overseas customers.
- Environmental energy related works segment: Increase in net sales due to solid sales of main units
- Promotion business of industry 4.0 segment: Changes in key management indicators

(Millions of yen)

### Net sales

### Operating profit

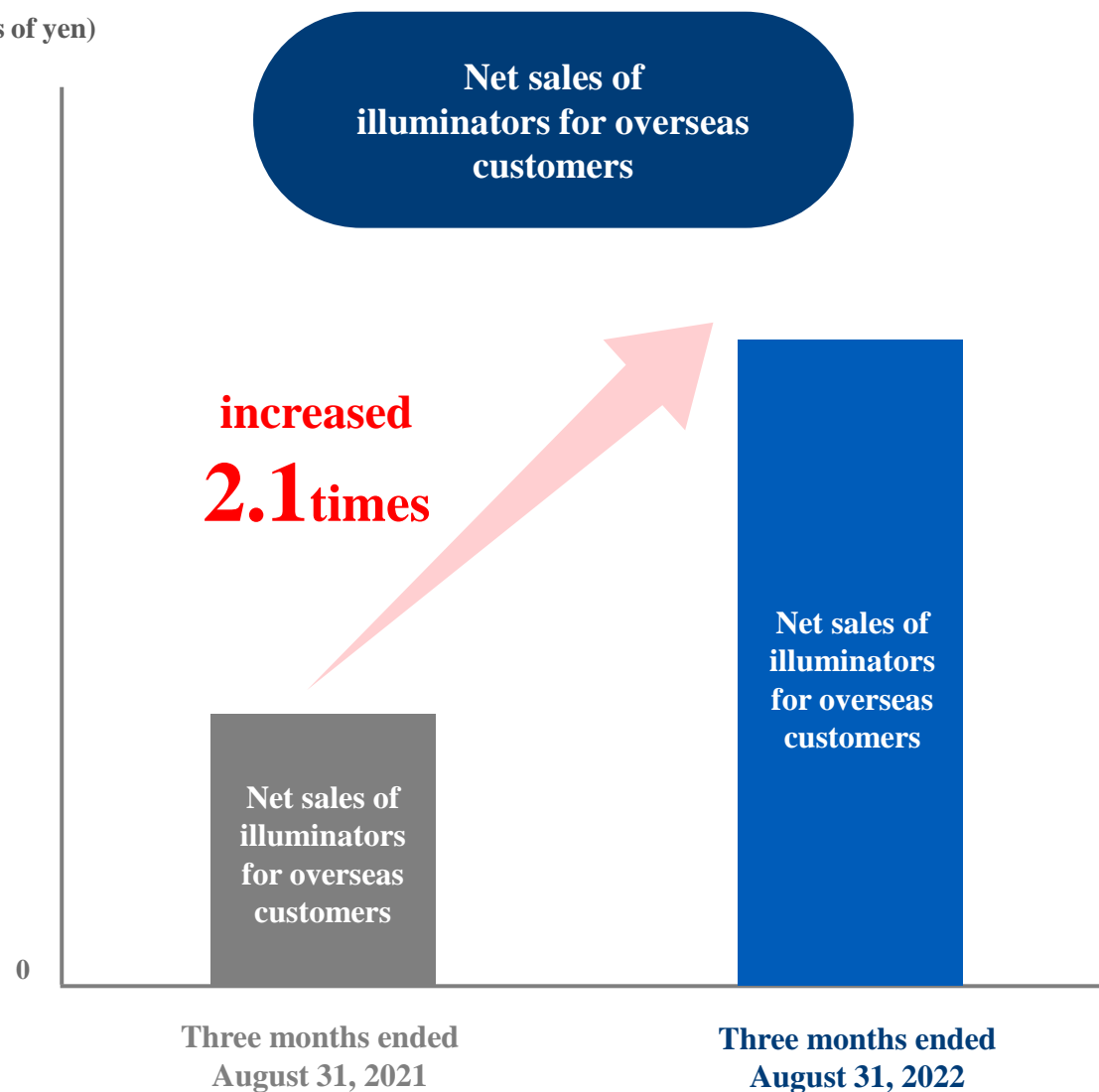


### Key management indices

(Millions of yen)	Three months ended August 31, 2021	Three months ended August 31, 2022	Change YoY (%)
Net sales	1,720	<b>1,907</b>	10.9
Operating profit	429	<b>476</b>	10.8
Ordinary profit	434	<b>519</b>	19.6
Profit attributable to owners of parent	286	<b>351</b>	22.6
Profit per share	26.17 yen	<b>32.38 yen</b>	-

# Topic by Segment

(Millions of yen)



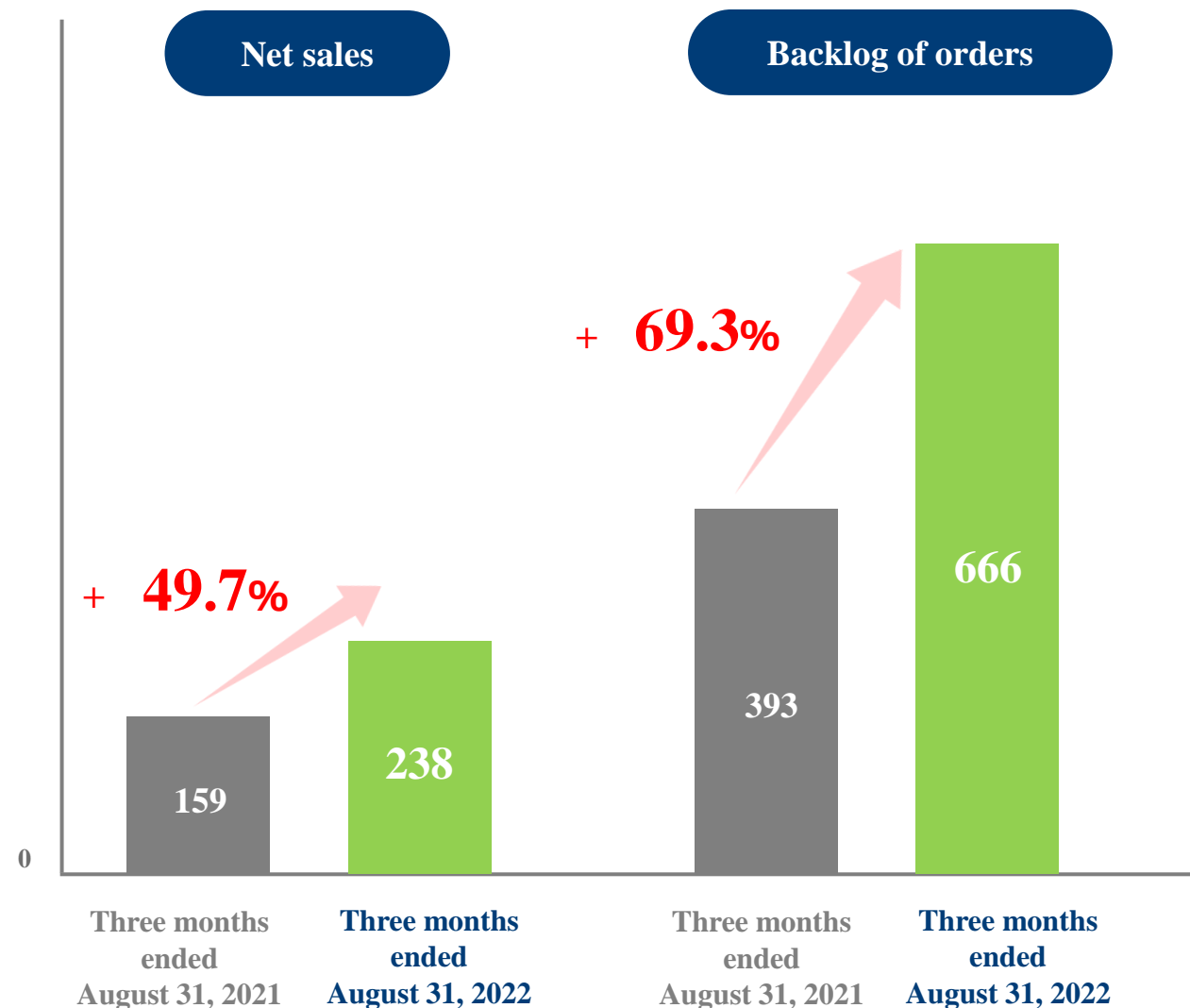
Year on year, net sales of illuminators for overseas customers

increased by **2.1 times**, ↑

driving up the internet of things related works segment performance to achieve **a profit increase (up 1.6%)** year on year

# Environmental Energy Related Works Segment

(Millions of yen)



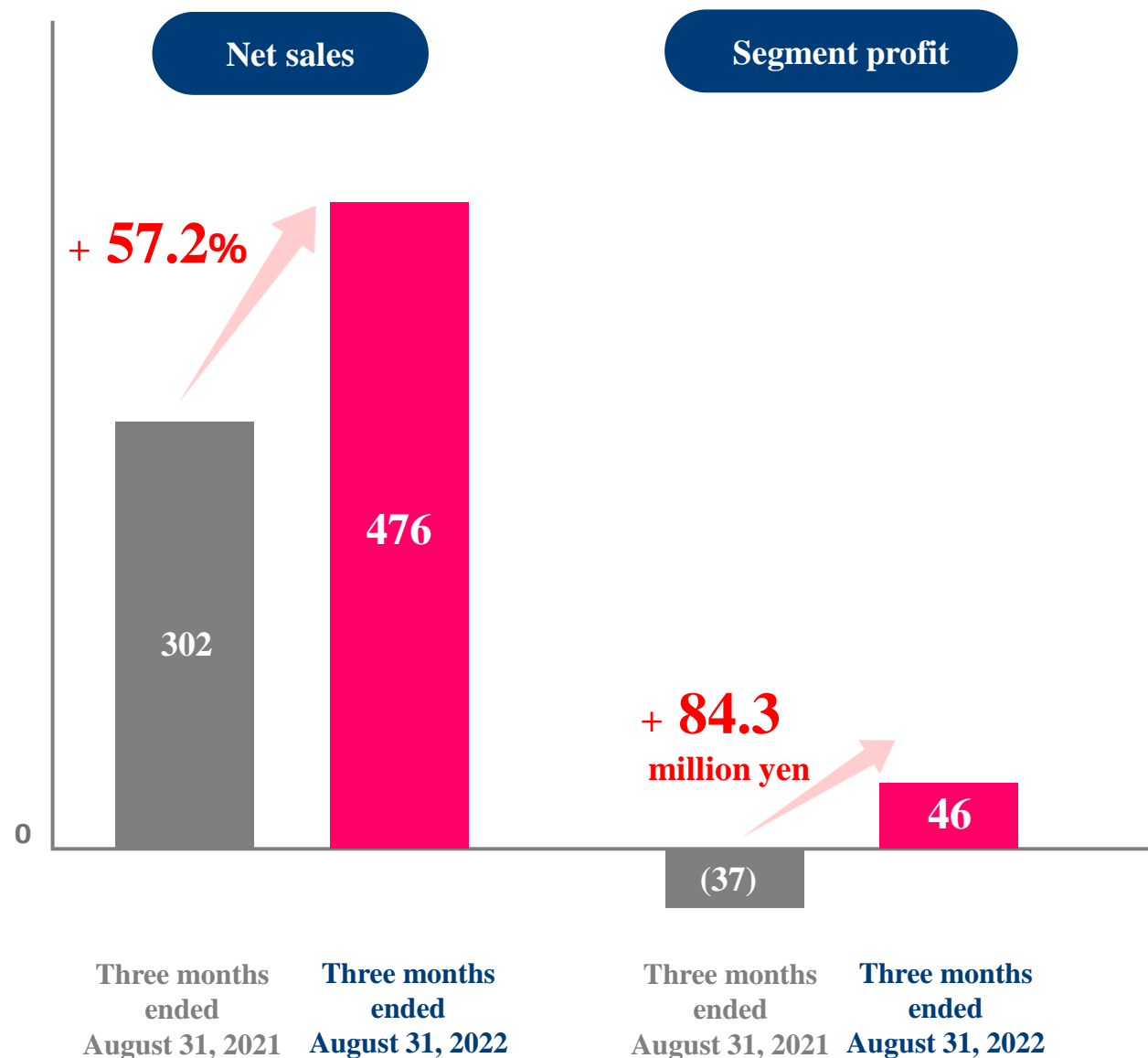
Net sales: Increased **49.7%** ↑

Backlog of orders:  
Increased **69.3%** ↑

**year on year**

# Promotion Business of Industry 4.0 Segment

(Millions of yen)



Net sales: Increased **57.2%** ↑

Segment profit: Increased **84.3** million yen ↑

**year on year**



# **Risks in Business Activities**

## Risks arising from social situations

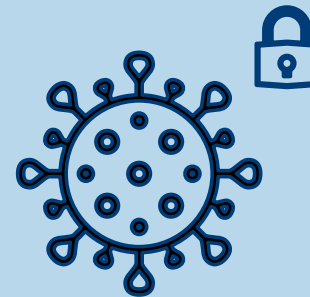
POINT  
**01**



### Rise in US interest rates

Impact of hikes of US interest rates on the economy, etc.

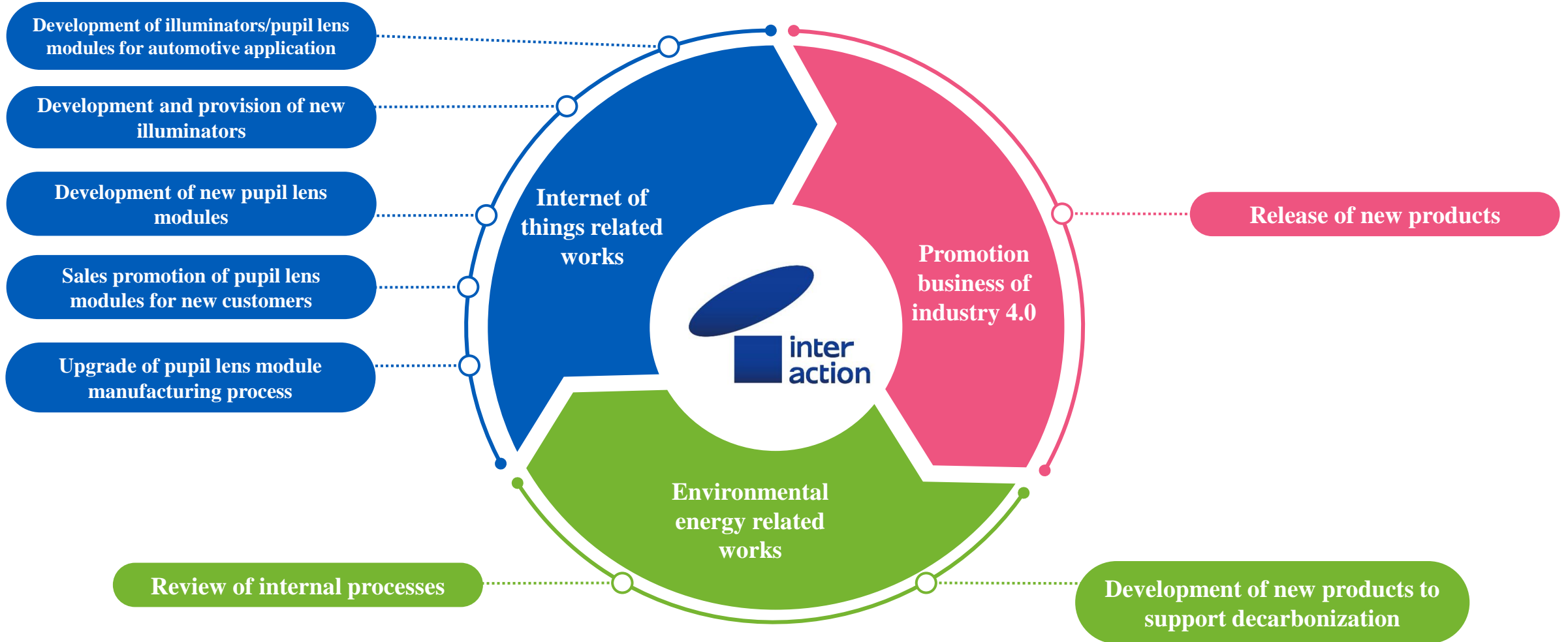
POINT  
**02**



### Lockdown in China

Stagnation of smartphone demand and other impacts of China's lockdown, etc.

# Future Measures



# Appendix ①

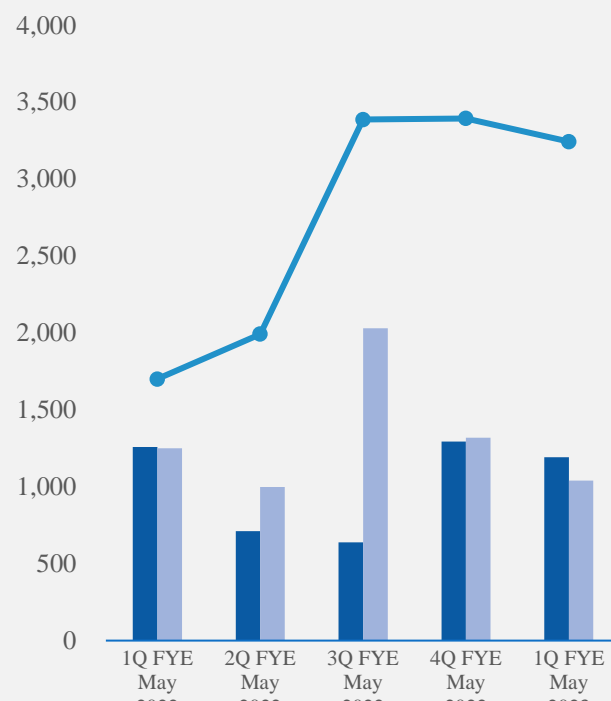
## Summary by Sector

## Key points

- For the segment as a whole, net sales decreased and profits increased due to substantial year-on-year growth in sales of illuminators for overseas customers.
- We view the increase in net sales of illuminators for overseas customers to be largely attributable to acceleration of customers' capital investment.
- Received orders for pupil lens modules for new customers.

## Amount of net sales, orders received, and backlog of orders (by quarter)

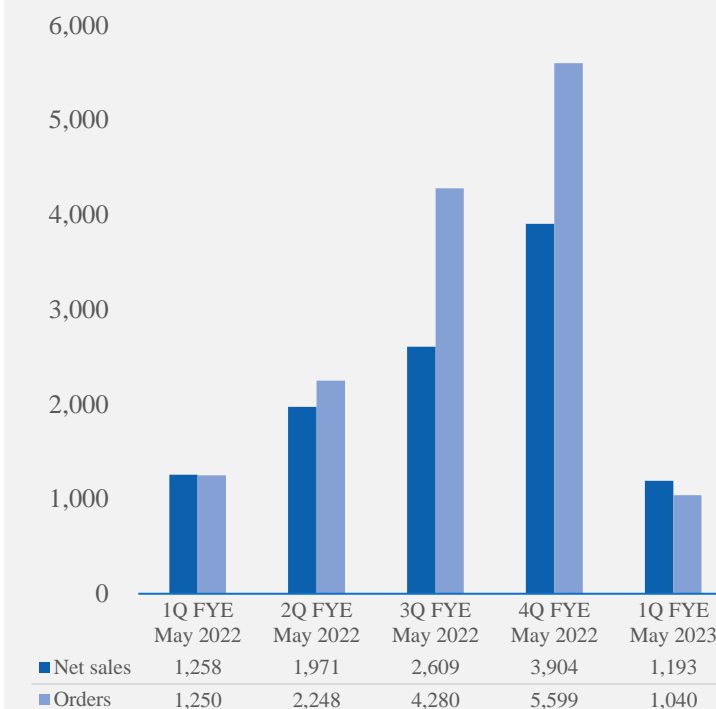
(Millions of yen)



Net sales	1,258	712	638	1,294	1,193
Orders received	1,250	998	2,031	1,318	1,040
Backlog of orders	1,700	1,992	3,386	3,394	3,243

## Amount of net sales and orders received (accumulated)

(Millions of yen)



## Main changes in the external environment

### (1) Market environment

(+) We expect the image sensor market to expand in the medium to long term.



### (2) Social situations

(-) Novel coronavirus infectious disease  
 • Smartphone demand stagnated in some regions due partly to the lockdown in China.  
 (-) Economic impact of exchange rate fluctuations, US monetary policy, and other factors  
 • Semiconductor demand for final applications is stagnating on a broad front and not just for image sensors



### (3) Customer trend

(-) Pupil lens modules for Japanese customers:  
 Temporarily stagnant demand  
 (+) Illuminators for overseas customers:  
 Accelerated capital investment



## Main changes in the internal environment

### (1) Research and development

(+) Pupil lens modules for new customers  
 • It was decided in the previous fiscal year to introduce mass-produced items. Sales are expected to be recorded during the current fiscal year.

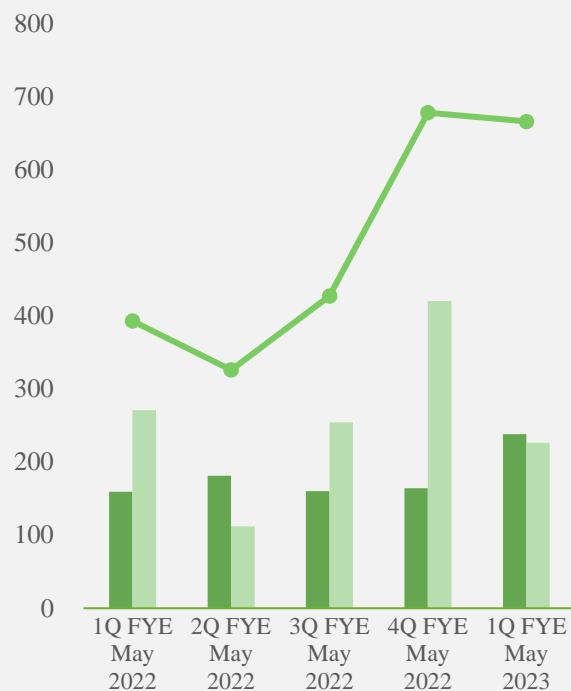


## Key points

- Net sales increased year on year reflecting strong sales of drying deodorizers and exhaust gas treatment systems.
- On the other hand, continued delays in responding to a number of high-profit maintenance projects caused in part by a shortage of parts and other materials, combined with slow sales, led to a year-on-year decrease in profits.
- As initiatives for business growth, revision of internal processes and development of new products to support decarbonation are under consideration.

## Amount of net sales, orders received, and backlog of orders (by quarter)

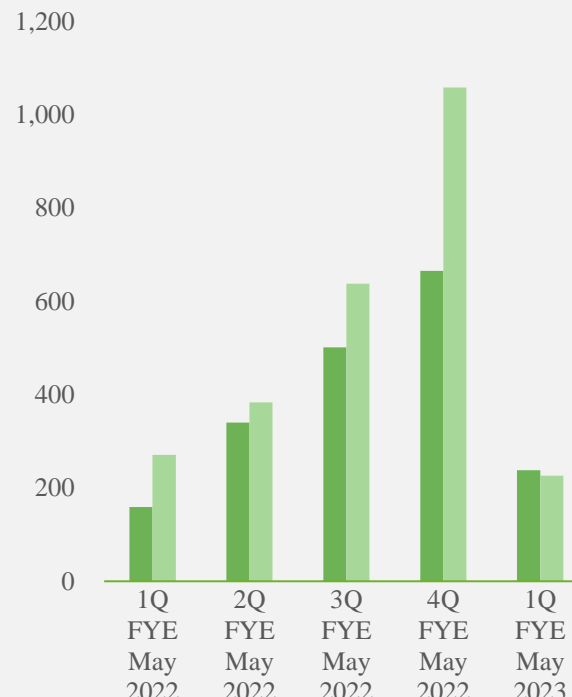
(Millions of yen)



Net sales	159	181	160	164	238
Orders received	271	112	254	420	226
Backlog of orders	393	326	427	678	666

## Amount of net sales and orders received (accumulated)

(Millions of yen)



Net sales	159	340	501	665	238
Orders received	271	383	638	1,058	226

## Main changes in the external environment

### (1) Market environment

- (+) Recovery in advertising demand
- Inquiries on drying deodorizers continued to increase



### (2) Social situations

- (-) Global shortage of parts and other materials
- Delivery continued to be delayed for both main units and maintenance. With delay also in the procurement of parts for use in maintenance, the situation was challenging for making a proactive sales approach to customers.



### (3) Customer trend

- (+) Increase in placement of orders for main units
- Capital investment that has remained stagnant since the previous fiscal year is gradually resuming in anticipation of a post-pandemic future



## Main changes in the internal environment

### (1) Review of internal processes

- (+) Implemented a review of human and other resources for replenishment in existing businesses and allocation to the development of new products.

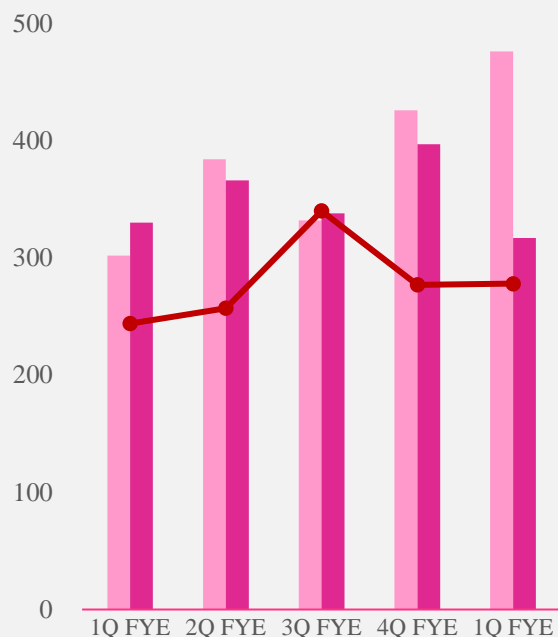


## Key points

- The segment as a whole recorded a year-on-year increases in both net sales and profits.
- Precision vibration isolation systems: Net sales and profits both recorded a year-on-year increases due to solid sales of products for both domestic and overseas customers.
- Gear testing systems: The robust market trend continued in the machine tool industry, which led to strong product sales and resulted in a year-on-year increase in both net sales and profits.

### Amount of net sales, orders received, and backlog of orders (by quarter)

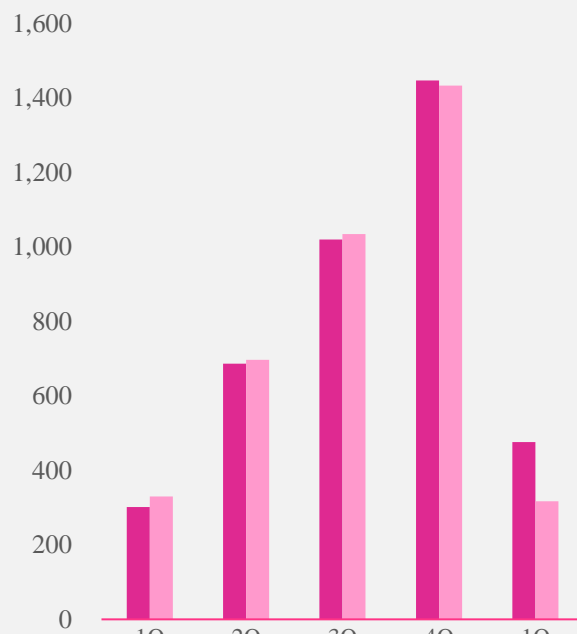
(Millions of yen)



Net sales	302	384	332	426	476
Orders received	330	366	338	397	317
Backlog of orders	244	257	340	277	278

### Amount of net sales and orders received (accumulated)

(Millions of yen)



Net sales	302	687	1,020	1,447	476
Orders received	330	697	1,035	1,433	317

### Main changes in the external environment

#### (1) Market environment

- (+) Market conditions for machine tool industry
- Demand for machine tools remained strong in China and other emerging countries, with positive effects on the gear manufacturing industry.



#### (2) Social situations

- (-) Supply chain disruption
- Delivery delays of parts and other materials as well as price increases continued due to the Russia–Ukraine situation, the lockdown in China, and other factors.



#### (3) Customer trend

- (+) Precision vibration isolation systems for overseas customers
- Product inquiries have been recovering along with improvement in the sales structure of overseas subsidiaries.



### Main changes in the internal environment

#### (1) New product development

- (+) Released the “surface roughness measuring instrument,” a new gear testing instrument that is applicable to a wide range of inspections. Implementing promotional activities.
- (+) Promoted development of an application for monitoring vibrations as well as vibration generators that can generate vibrations and reproduce the real environment.





# Appendix ②

## Company Profile

**Trade name:** INTER ACTION Corporation

**Listed on:** Tokyo Stock Exchange,  
Prime Section

**Established:** June 25, 1992

**Securities code:** 7725

**Representative:** Nobuo Kiji, CEO & President

**Fiscal year:** June 1 to May 31

**Capital stock:** 1,760 million yen

**URL:** <https://www.inter-action.co.jp/en/>

**Employees:** 126 (Group-wide as of May 31, 2022)

**Group companies:** Air Gases Technos Co., Ltd.

**Head office:** Yokohama Kanazawa High-Tech Center 14F  
1-1 Fukuura, Kanazawa-ku  
Yokohama-shi, Kanagawa  
Phone: +81-45-788-8373 Fax: +81-45-788-8371

Meiritz Seiki Co., Ltd.

Tokyo Technical Instruments Inc.

Xian INTER ACTION Solar Technology Corporation

Shaanxi Chaoyangyitong Precision Device Co., Ltd.

MEIRITZ KOREA CO.,LTD.

Taiwan Tokyo Technical Instruments Corp.

TOKYO TECHNICAL INSTRUMENTS (SHANGHAI) CO., LTD.

Lastech Co., Ltd.

**Offices:** Naka-ku, Yokohama-shi; Koshi-shi, Kumamoto

Key benchmarks

Equity Spread  
ROE

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Dividend policy

Total return ratio of 30%

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M&A strategy

Focus on fields of growth and potential growth.

Focus on fields where we can pursue business development by leveraging technologies and expertise built up thus far.

Achieve positive net present value calculated on the basis of estimated cash flows for five years using WACC as the discount rate.

## E-mail Alert Service

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Receive various forms of information about the Inter Action Group via e-mail.

Link to the Inter Action website “E-mail alert service” page (in Japanese)

[https://www.inter-action.co.jp/ir/ir\\_mail/](https://www.inter-action.co.jp/ir/ir_mail/)

Information you provide to us will be used solely for operating the IR e-mail alert service.

Refer to the “Privacy Policy” posted to the Inter Action website for further information on our handling of personal information.

<https://www.inter-action.co.jp/en/privacy/>

## Contact Information

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<https://www.inter-action.co.jp/en/inquiry/>

Please contact us through the Inquiries page of the Inter Action website.



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## Notes

This document contains forward-looking statements particularly regarding Inter Action's future performance. The Inter Action Group has formed its outlook encompassing potential risks and uncertainties based on information available at the time of disclosure. Accordingly, please be advised that actual financial results may vary substantially from the forecasts presented, given that they are subject to economic circumstances surrounding areas of business going forward, market trends, and other such factors.

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